H.R. 1358, A BILL TO AMEND THE MONTGOMERY GI BILL

HEARING

BEFORE THE

SUBCOMMITTEE ON
EDUCATION, TRAINING AND EMPLOYMENT

OF THE

COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

APRIL 6, 1989

Printed for the use of the Committee on Veterans' Affairs

Serial No. 101-5

U.S. GOVERNMENT PRINTING OFFICE
99-552 WASHINGTON : 1989

For sale by the Superintendent of Documents, Congressional Sales Office
U.S. Government Printing Office, Washington, DC 20402

H761-16.

99-552 - 89 - 1

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CONTENTS

April 6, 1989

	Page
H.R. 1358, A Bill To Amend The Montgomery GI Bill	1

OPENING STATEMENTS

Hon. Timothy J. Penny	1
Hon. Christopher H. Smith	4

WITNESSES

Athanason, Frank A., national commander, Military Order of the Purple Heart	32
Prepared statement of Mr. Athanason	106
Bollinger, John C., associate legislative director, Paralyzed Veterans of America	32
Prepared statement of Mr. Bollinger	110
Breuer, Paul, associate national legislative director, Disabled American Veterans	31
Prepared statement of Mr. Breuer	103
Burdick, Maj. Gen. Donald, Director, U.S. Army National Guard	26
Conte, Hon. Albert V., Deputy Assistant Secretary of Defense for Reserve Affairs	9
Prepared statement of Mr. Conte	66
Cozzolino, Capt. Robert G., Deputy Chief for Reserve, Office of Readiness and Reserve, U.S. Coast Guard	22
Donovan, Rear Adm. Francis R., Assistant Deputy Chief of Naval Operations for Manpower, Personnel and Training, U.S. Navy	16
Dornan, Hon. Robert K., a Representative in Congresss from the State of California	2
Prepared statement of Congressman Dornan	59
Ensslin, Maj. Gen. Robert F. Jr., FLARN, chairman, Reserve Component Advisory Committee, Association of the United States Army	35
Prepared statement of General Ensslin	115
Hall, Rear Adm. Thomas F., Deputy Director, U.S. Naval Reserve	21
Hickey, Lt. Gen. Thomas J., Deputy Chief of Staff for Personnel, U.S. Air Force	16
Jackson, Charles R., executive vice president, Non Commissioned Officers Association of the United States of America	36
Prepared statement of Mr. Jackson	116
Jacobs, Maj. Gen. Bruce, assistant executive director of the National Guard Association of the United States	38
Prepared statement of General Jacobs	120
Killey, Brig. Gen. Phillip G., Director, U.S. Air National Guard	27
Magill, James N., director, national legislative service, Veterans of Foreign Wars of the United States	33
Prepared statement of Mr. Magill	113
Matteson, Adm. Thomas T., Chief of Personnel and Training, U.S. Coast Guard	18

Page

Montgomery, Hon. G.V. (Sonny), a Representative in Congress from the State of Mississppi, and chairman, Full Committee on Veterans' Affairs 13
Prepared statement of Chairman Montgomery 93
Myatt, Brig. Gen. James M., Director, Manpower, Plans and Policy Division, U.S. Marine Corps 17
Ono, Lt. Gen. Allen K., Deputy Chief of Staff for Personnel, U.S. Army 15
Scheer, Maj. Gen. Roger P., Chief, U.S. Air Force Reserve 22
Temple, Lt. Gen. Herbert R., Jr., Chief, U.S. National Guard Bureau 26
Vogel, R.J., Chief Benefits Director, Department of Veterans Affairs 5
Prepared statement of Mr. Vogel 61
Ward, Maj. Gen. William F., Chief, U.S. Army Reserve 20
Wilkerson, Philip, assistant director, Veterans Affairs and Rehabilitation Commission, the American Legion 30
Prepared statement of Mr. Wilkerson 98

MATERIAL SUBMITTED FOR THE RECORD

Bills:
H.R. 1358—A Bill to amend title 38, United States Code, with respect to the Montgomery GI Bill, and for other purposes 41
Statements:
Enlisted Association of the National Guard of the United States 124
Maj. Gen. William R. Berkman, U.S. Army, Reserve Forces Policy Board, Office of the Secretary of Defense 126
Maj. Gen. Evan L. Hultman, AUS (Ret.), Reserve Officers Association of the United States 130
Representatives of the Service Academy Classes of 1977 and 1978 132
Written committee questions and their response:
Hon. Timothy J. Penny to Hon. Edward J. Derwinski, Secretary, Department of Veterans Affairs 137
Hon. Christopher H. Smith to Hon. Edward J. Derwinski, Secretary, Department of Veterans Affairs 139
Hon. Timothy J. Penny to Hon. Albert V. Conte, Assistant Secretary of Defense for Reserve Affairs 141
Hon. Christopher H. Smith to Hon. Albert V. Conte, Assistant Secretary of Defense for Reserve Affairs 144
Hon. Timothy J. Penny to the American Legion 146
Hon. Timothy J. Penny to the Association of the United States Army 148
Hon. Timothy J. Penny to the Disabled American Veterans 150
Hon. Timothy J. Penny to the National Guard Association of the United States 152
Hon. Timothy J. Penny to the Non Commissioned Officers Association of the United States of America 154
Hon. Timothy J. Penny to the Military Order of the Purple Heart 156
Hon. Timothy J. Penny to the Paralyzed Veterans of America 158
Hon. Timothy J. Penny to the Veterans of Foreign Wars of the United States 160

H.R. 1358, A BILL TO AMEND THE MONTGOMERY GI BILL

Thursday, April 6, 1989

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D. C.

The subcommittee met at 9 a.m. in room 334, Cannon House Office Building, the Hon. Timothy J. Penny, chairman of the subcommittee, presiding.

Present: Representatives Penny, Smith of New Jersey, Montgomery, Robinson, Sangmeister and Lane.

OPENING STATEMENT OF HON. TIMOTHY J. PENNY

Mr. PENNY. Good morning, ladies and gentlemen, and welcome to the first hearing of the Subcommittee on Education, Training and Employment in the 101st Congress.

I want to start by welcoming my subcommittee members. For those of you in the audience, our subcommittee consists of, on the Democratic side, Tommy Robinson of Arkansas, Elizabeth Patterson of South Carolina, George Sangmeister of Illinois and Lane Evans, also of Illinois. On the Republican side, we have the Ranking Minority Member Chris Smith of New Jersey, Chalmers Wylie of Ohio, and Thomas Ridge of Pennsylvania.

We are meeting today to review H.R. 1358, a bill to amend the Montgomery GI Bill and other education programs administered by the Department of Veterans Affairs.

Because we have so many witnesses we want to hear from today, I won't take time to summarize the entire bill but I do want to mention three provisions of particular importance:

First, section 2 of the bill would provide that the individuals eligible for benefits under chapter 106 of title 38, U.S.C., the GI Bill for the Guard and Reserve, could pursue the same types of programs as those available to participants in chapter 30 of title 38, U.S.C., the GI Bill for Active Duty servicemembers. General Montgomery will be here shortly and he will testify on this provision of the bill.

Secondly, section 6 of H.R. 1358 would increase by 5 percent the rates of educational assistance under chapter 31, the vocational rehabilitation program for service-disabled veterans. This increase was included in the President's budget request.

Third, section 7 of the bill would increase by 5 percent the rate of education assistance paid to survivors and dependents of veterans who die as a result of a service-connected disability or who are permanently and totally service-connected disabled. This program is included in chapter 35 of title 38, U.S.C. President Reagan's budget and, I assume, President Bush, have also agreed with this increase.

Last week I went to San Antonio, Texas to visit the Air Force Basic Military Training School. While there, I had the opportunity to have lunch with several young recruits. When I asked them why they went into the military, they all said the opportunity for education assistance was a major reason for their decision. These young people had a deep appreciation for the importance of education in their lives and it is our responsibility to see that the programs provided to them by Congress serve them well.

Mr. PENNY. I want to move along as quickly as possible this morning. As you can see, we have a long list of witnesses today. My hope is that we can get through the entire program in about 2 hours; let's see how well I can stick to that objective as we move along.

Since Chairman Montgomery has not arrived, we are going to move down the list and hear first from Congressman Dornan of California.

Congressman, welcome.

STATEMENT OF HON. ROBERT K. DORNAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. DORNAN. Thank you, Mr. Chairman. It is an honor to be the first witness to appear before the convening of this distinguished subcommittee in the 101st Congress.

I'm here to correct an inadvertent oversight that has hurt some worthy veterans in our country and I think it's in the area of a technical change that we can rectify very quickly.

As a Korean war veteran, I took advantage of the GI Bill to become qualified as a helicopter pilot and I know how important it is to some people. And there are some Academy graduates that really thought they had the GI Bill whenever they left service as veterans and it turned out there was one of these gaps. It's easily corrected. The section which should restore the educational benefits under the Vietnam-era GI Bill to 1977 and 1978 service Academy graduates and 1978 ROTC graduates can be corrected by the bill that I introduced, H.R. 3485, but it will be incorporated into this larger bill that we're having hearings on today, H.R. 1358.

These veterans made binding active-duty commitments, Mr. Chairman, while the Vietnam-era GI Bill was being offered as an inducement to active service. Due to an oversight, the 1976 repealing legislation failed to grandfather in these servicemembers, along with other delayed-entry servicemembers. At our last Congress we moved to take care of that and time ran out on us. I would like to take a moment to reiterate the necessity of this particular legislation.

Members of the service Academy classes of 1977 and 1978 were retroactively excluded from the Vietnam-era GI Bill eligibility only

through inadvertence, even though they had committed to 7 years of active duty prior to the December 31, 1976, cutoff date.

When this situation was brought to my attention for the first time in 1987, I frankly was quite surprised that such an obvious oversight has not been corrected. As a result, within the legislation, with more than 50 co-sponsors among our colleagues—it is important to note, Mr. Chairman, that the Academy graduates have always been considered eligible for veterans educational benefits.

Now it is not the time served with the Academies that qualifies these graduates for the GI Bill but, rather, the active duty performed following their graduation. So although Academy cadets and midshipmen incur their active-duty obligations when they commence their third academic year, our colleagues in 1976 failed to address the issue of the Academy servicemembers who had already obligated themselves to active duty upon graduation.

The 1976 legislation simply does not refer to service Academy cadets and midshipmen. If the obligation incurred by enrolling in the third academic year, these cadets and midshipmen should have been included in the grandfather clause of that 1976 law.

It is clear the intent of the 94th Congress—which is the Congress before I first arrived on this Hill—that all those who signed contracts prior to December 31, 1976, with the expectation of a GI Bill were to be covered by these benefits.

This intent was spelled out most clearly by then chairman of the House Veterans Subcommittee on Educational Benefits, Olin E. Teague, and he stated, during the floor debate, that:

"Nobody in the service today is affected, it only affects those going in on the 1st of January or thereafter. If a conflict develops, Congress would immediately pass another bill."

I'll submit for the record the following three pages of my testimony.

I think Mr. Teague said it all in that provision, I think we'll correct it, that's what I'm attempting to do with this and I appreciate you letting me bring it before this subcommittee for these fine Americans who were proud enough to apply to our service Academies, successfully completed their officer training and went on to serve well in the military services of our country.

Thank you, Mr. Chairman.

[The prepared statement of Congressman Dornan appears on p. 59.]

Mr. PENNY. Thank you, Bob, for your testimony. We also appreciated the several years that you were a member of this committee and it's a pleasure to have you here this morning. As you know, your legislation has been incorporated into the bill that we have under consideration, and it's our strong intention to get the bill moving out of committee and to get this inequity rectified. We thank you for your leadership.

Mr. DORNAN. Thank you, Mr. Chairman.

Mr. SMITH. I, too, want to join my distinguished Chairman in welcoming Congressman Dornan from California. You've always been a real leader in veterans' affairs issues and again you've demonstrated that this morning and I do thank you.

Mr. DORNAN. I thank my colleague and my good friend from New Jersey. Thank you, have a good hearing.

Mr. PENNY. I'll defer to the ranking minority member, Mr. Smith, for any opening remarks he might have before we call our next witness.

OPENING STATEMENT OF HON. CHRISTOPHER H. SMITH

Mr. SMITH. Thank you, Mr. Chairman. I do apologize for being late; I was in a C-Span show.

Mr. Chairman, thank you for scheduling this hearing today to discuss H.R. 1358, a bill that would amend the Montgomery GI Bill and to clarify rules pertaining to participation in VA educational programs.

I would also like to congratulate you, Mr. Penny, for your appointment to chair this subcommittee. I truly look forward to working with you in this session.

During the last session of Congress, our subcommittee held hearings on the Montgomery GI Bill and found, as we all know, that the program is working and it is working well. I think that the Montgomery GI Bill educational assistance program has surpassed even the highest expectations we may have had for it regarding its ability to attract and to retain servicemen and women. It has also given millions of men and women an opportunity that others may not have had to continue their education.

According to military Reserve Chiefs and service program managers who testified during our past hearings, we need to expand Montgomery GI Bill Guard and Reserve benefits to include the same benefits available to participants in the Active Duty component. The Reserves constitute approximately 45 percent of the total military forces, provide military readiness at a lower cost and are increasingly relied upon for the defense of our Nation. It seems fitting that we provide for this group an attractive benefit package tailored to their specific needs.

H.R. 1358 also clarifies some provisions regarding the administration and implementation of VA educational programs, plus it provides for a 5-percent increase in subsistence allowances paid to certain disabled veterans or their dependents or survivors. The subsistence allowance, paid to disabled veterans while in vocational rehabilitation training, has not been adjusted, Mr. Chairman, since 1984.

Finally, Mr. Chairman, many provisions of H.R. 1358 will clearly improve veterans educational programs and the benefits available to those who served our Nation. And I do invite the other members of this committee to share their views and look forward to the testimony we will receive today.

Mr. PENNY. Thank you.

I want to make it clear that we do intend to keep things moving along this morning. While we normally provide five minutes per witness, if we could keep it to less than that this morning, it would be appreciated.

Additionally, I ask unanimous consent that written questions may be submitted to witnesses following the hearing. These questions and responses will be included in the hearing record.

Next, we will hear from Mr. John Vogel, the Department of Veterans Affairs Chief Benefits Director, who is accompanied this

morning by Dr. Dennis Wyant. Dr. Wyant is the Director of the Vocational Rehab and Education Service.

It's good to have you both with us today. Gentlemen, please feel free to proceed.

STATEMENT OF R.J. VOGEL, CHIEF BENEFITS DIRECTOR, DEPARTMENT OF VETERANS AFFAIRS

Mr. VOGEL. Thank you, Mr. Chairman. I would like to echo the congratulations of Mr. Smith on your assumption of chairmanship of this very important subcommittee.

The Veterans Benefits Administration is very proud to administer these many education programs, which are beneficial to the Nation's veterans and the Nation's military supporting our military preparedness. We look forward to working with you and the members of the subcommittee on these matters before us today and other matters pertaining to the GI Bill.

I have a full statement, but I'd like to make a short and brief summary of it.

Mr. Chairman, section 1 of the bill would provide a new 10-year delimiting date for using educational benefits under chapters 30, 32, and 34 commencing from the date of last discharge from active duty of at least 90 continuous days.

We support the intent of this proposal, but suggest that the language should be revised to limit application to only such active duty period as may be served subsequent to completion of the individual's initial qualifying active duty period.

I do want to note, Mr. Chairman, that concerning the revisions suggested here in a couple of other areas of the bill, that we did not perceive the need for these changes when we initially reviewed the draft of the measures of technical service requested by the committee staff. I apologize for not identifying those matters sooner.

Section 2 would provide eligibility under chapter 106 for the same type of programs that are available under chapter 30. We defer to the Department of Defense on this amendment, since chapter 106 is under their jurisdiction.

Section 3 would bar receipt of benefits for chapters 32 and 106 based on the same period of service. We support that proposal.

Section 4 allows the requirement of the secondary school diploma to be met by successfully completing the equivalent of 12 semester hours in a program of education leading to a standard college degree before the original ending day of the person's original obligated period of active duty. We have no objection to that proposal.

Section 5 would extend eligibility for non-contributory GI Bills, chapter 34 education benefits to an individual who had commenced their third academic year either as a cadet or midshipman at one of the Academies or as a member of the Senior Reserve Officer Training Corps under section 2104 and 2107 of title 10, retroactive to January 1, 1977.

We do not support this provision. We do not believe it is appropriate now to amend the basic eligibility requirements for a program that expires at the end of this calendar year.

Sections 6 and 7 of the bill would increase by 5 percent the subsistence allowances for veterans participating in vocational reha-

bilitation programs and of dependents and survivors in programs for educational assistance—survivors' and dependents' educational assistance programs.

We support those increases in the context of the overall budget negotiations.

Section 8 would amend the law to provide for readjustment benefit account funds to carry out activities in connection with state approving agencies, included, but not limited to, the development and implementation of the national training curriculum for state approving agency employees.

We support that provision, subject to the inclusion of qualifying language that would limit VA payment to what is "reasonable and necessary."

Section 9 makes various technical and clerical amendments. We support them with one change:

We suggest that the change dealing with the "2 x 4" participants be clarified so that individuals be required to actively enter a Selected Reserve unit within a 1-year period, not merely contract to do so.

Mr. Chairman, that concludes my testimony. I will respond to any questions either you or members of the subcommittee may have.

[The prepared statement of Mr. Vogel appears on p. 61.]

Mr. PENNY. Thank you, Mr. Vogel.

I want some clarification on the level of support from the VA and the Bush administration on the 5-percent increase, which would be provided under this legislation for the two categories of beneficiaries.

In your statement, support for those provisions of the bill seems to be hedged somewhat by the qualification that it's all subject to these negotiations which are on-going.

Which way is it? Is this something that you've got a specific recommendation of support for or something that you're willing to sacrifice in the negotiations?

Mr. VOGEL. It was part of the Reagan budget proposal and there's some degree of uncertainty about what a flexible freeze meant with respect to proposals such as this one which would increase by some amount——

Mr. PENNY. Is this part of the recommended increase that will be offset elsewhere, or is the increase recommended but the program placed in the category of programs that might be subject to cuts?

Mr. VOGEL. My understanding, sir, is that it would be the former, that it would be subject to some offset of the entire Federal budgetary need.

Really I guess it's probably safe to say that we have a philosophical belief that it ought to happen, and it's now passed beyond the Veterans Benefit Administration and over to the Executive Office of the President and Congress to work that out.

Mr. PENNY. We've got an interesting budget process going on, and it has been a bit difficult to get the kinds of specifics from the White House that we normally have. It's tough for the negotiators to know what the training budget is. We've got a list of some budget increase requests, but no specifics, at least not enough spe-

cifics in terms of the administration's recommendations for cutbacks.

We've got a category of programs that we are expected to trim in order to provide for increases like this 5-percent increase, but in many instances the programs that are to be cut are in the same general category as the programs to be increased. So, we might be doing a favor for education in one area only to be called on by the White House to cut back other very important education programs. So we're a bit distressed by that.

I realize it's not your problem in that it's at the level of the White House right now. We're going to have to work this out. But we do need this increase.

The support from the VA is appreciated, but we need more vocal support for this program that is going to ultimately be part of the budget negotiation.

Mr. VOGEL. Thank you, Mr. Chairman. The amount of increase of 5 percent is far less than the amount of education inflation we've experienced since the last increase in these and other programs as well.

Mr. PENNY. I'll defer again to the ranking member for whatever questions he may have.

Mr. SMITH. Thank you, Mr. Chairman.

Mr. Vogel, you suggest in your testimony on page 6 that "reasonable and necessary" language be inserted in section 8 of H.R. 1358. How do you envision that this change will actually affect the limitation of provisions in 1774A and can you amplify on your testimony?

Mr. VOGEL. I don't know which one that is, Mr. Smith.

Mr. SMITH. Page 6.

Mr. VOGEL. We value the partnership we have with the State approving agencies in administering and sharing the program. The programs are administered in the manner and the spirit that the laws provide.

We would like to be able to be assistive in an on-going training to assure that their competence level is at a good level and we would really like to have some language in there about the amount of support that we would be able to provide for that training for them so as to give us the flexibility in working with them to address the appropriate level. And that's all we're asking for.

Mr. SMITH. Mr. Vogel, I am cognizant of the shortfall that we know exists in the health professions. I am considering an incentive to the GI Bill or to some other educational program that would encourage recruits to enter the nursing or allied health professions. In return for a boost in educational assistance the recruit would be required to commit to a certain period of time to work in a VA hospital.

This proposal, I believe, is very timely and very badly needed in light of the shortfalls and I was wondering if you could give us at least a personal view on that and we will be drafting some language soon for your official comment.

Mr. VOGEL. Thank you, Mr. Smith.

There's no question that the nursing shortage is a major challenge to the Department of Veterans Affairs and to the Nation as a whole. It's one of the top priorities identified by Secretary Der-

winski that needs to be dealt with effectively. Whatever mechanisms would be of assistance to both the Administration, to the Department and to the Nation's health care delivery as a whole would be welcome.

The Veterans Health Services and Research Administration does have a nurse scholarship program in an attempt to address their critical need for registered nurses and other health care professionals, especially the nursing staffs in our medical centers.

Mr. SMITH. Could you provide for the record a projected shortfall, say, over a 10-year period that again could give us a better handle on how much need does exist? That might help us in responding to it.

Mr. VOGEL. I'd be very pleased to do so. I'll be in touch with the Chief Medical Director before the day is out in order to do that.

(Subsequently, the Department of Veterans Affairs provided the following information:)

There is no predictive projection model available, indicating the vacancy rate of nurses at VA hospitals for the next 10 years.

Mr. SMITH. Mr. Vogel, regarding your testimony on increasing the vocational rehab subsistence allowances:

Within the context of your overall budget, are the rate increases a very high priority item?

Mr. VOGEL. We believe they are. In the vocational rehabilitation program we provide the full cost of tuition fees, books, equipment, and supplies. The amount of subsistence that they need, together with whatever level of compensation they receive from the VA is very critical toward their being able to pursue a program on a full-time basis, which gets them back and ready for the world of work. Whatever could be done to be of assistance in that would be very much appreciated.

Our vocational rehabilitation specialists throughout the Nation must work with these individuals carefully. The level of subsistence that they receive is falling behind and we are sometimes very discouraged to see veterans from time to time opting out of the program because they simply can't afford to continue to pursue it, especially if they have familial obligations beyond their own need to satisfy their educational wants.

Mr. SMITH. One final question, Mr. Chairman:

In regard to the subsistence allowance increases, the Military Order of the Purple Heart points out in their testimony today that veterans receiving chapter 31 benefits are generally not eligible to receive Social Security benefits or other State benefits while survivors and dependents under chapter 35 can receive them. For this reason, the organization recommends a 6-percent increase in chapter 31 benefits and a 4-percent increase in chapter 35 benefits.

I was wondering if the VA has a position on that?

Mr. VOGEL. I hadn't seen that, Mr. Smith. We could formulate a response to that suggestion by the Military Order of the Purple Heart.

Mr. SMITH. I would appreciate that.

(Subsequently, the Department of Veterans Affairs provided the following information:)

We support a 5-percent rate increase in 1990 for chapter 31 and a 5-percent increase under chapter 35. Educational assistance benefits were last increased in 1984. A 5-percent rate increase would be in order. Since 1984, tuition and fees at colleges have gone up by 6 or 7 percent per year, totaling more than 40 percent by the time the 101st Congress commenced.

Service-disabled veterans training under chapter 31 last received an increase in subsistence allowance in October 1984. A 5-percent rate increase is in order in view of the increase in the cost of living.

Mr. SMITH. Thank you, Mr. Chairman.

Mr. PENNY. Thank you, Mr. Vogel.

Mr. Sangmeister?

[No response.]

Mr. PENNY. Mr. Evans?

[No response.]

Mr. PENNY. Thank you, John. Thank you, Dr. Wyant. We appreciate your testimony this morning.

Mr. VOGEL. Thank you, Mr. Chairman.

Mr. PENNY. Our next witness is Mr. Al Conte, Deputy Assistant Secretary of Defense for Reserve Affairs. We're happy to have you with us, Mr. Secretary, and we look forward to your testimony.

STATEMENT OF ALBERT V. CONTE, DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS

Mr. CONTE. Thank you, Mr. Chairman, for inviting me to appear to offer testimony on the proposed amendments to the Montgomery GI Bill. Before I begin my remarks, I want to correct an error in my written statement.

It indicates that DOD supports all but section 2 of the proposed bill. Based on late-breaking information, DOD does in fact support everything but section 2 and section 5, which would extend the benefits to the 1977 and 1978 Academy graduating classes. However, I will address all my remarks this morning to section 2.

In order to save time I will dispense with outlining the program as it exists for us today, except to point out that the Reserve component piece of the Montgomery GI Bill is a non-contributory general entitlement program.

I'm happy to report that the Montgomery GI Bill has been well received by members of the Selected Reserve. Since the program's inception in July of 1985 over 126,000 reservists had applied for participation in the program, with approximately 45,000 reservists currently drawing benefits.

There is no question that the Montgomery GI Bill Reserve portion has been a valuable recruiting and retention incentive. Each of the services have reported significant increases in the number of first-term enlistees who contract for longer initial terms of service specifically to qualify for the Montgomery GI Bill. The services have also reported successes in achieving or exceeding their first term reenlistment objectives each year since 1985.

The proposed legislation would expand the educational benefits for members of the Selected Reserve to include vocational school, graduate school, correspondence studies, cooperative, and on-the-job training. There can be no doubt that it is in our national interest to recruit and to retain the best educated and best trained individuals who are reasonably available.

It is also clear that educational opportunities in the services contribute to our success in recruiting and retention. We do not believe, however, that the impact of these expanded benefits would justify or merit the added program costs at this time, especially in view of the severe budgetary constraints with which the Department of Defense is now being faced.

On February 1, 1989 a special report was submitted to the Congress in which we estimated that the vocational training and graduate school alone would cost the services an aggregate of $166.5 million the first year and $81.3 million each year thereafter.

The return on that investment, in terms of actually persuading additional high quality young men and women to enlist is unclear. All of the analysis to date has been toward determining how many additional reservists—that is, those already enlisted and drilling satisfactorily—would apply for the Montgomery GI Bill if the benefits were expanded.

We know that enlistees interested in the current Montgomery GI Bill do sign up for longer terms of initial service. But there is no empirical evidence that we know of that an expanded GI Bill would result in more enlistments than are now produced by the current GI Bill.

Also, while it's reasonable to assume that at least some vocational training would relate to the requisite military skills of the reservists, we are unaware of any evidence that demonstrates that individual or unit readiness would be measurably improved as a result of offering vocational training to every Selected Reservist. Attempting to substantiate a relationship between military skills that contribute to unit readiness and a graduate degree is even more difficult.

The unprogrammed costs for graduate school and vocational training are estimated at $102.3 and $64.3 million respectively for the first year. This is in addition to the FY 1990 budget request for $124 million for all service Reserve education programs.

If these benefits are enacted and no additional appropriation is provided by the Congress, it is most likely that other, much more critical mission related programs will have to be reduced to provide the funding.

While the Department supports affording opportunities to achieve a higher level of professional and career broadening programs, only when sufficient funding for unit and individual training are made available should the educational benefits be expanded.

Mr. Chairman, this completes my presentation. I'll be happy to take your questions.

[The prepared statement of Mr. Conte appears on p. 66.]

Mr. PENNY. Mr. Conte, thank you for your presentation. We do appreciate your testimony in support of several provisions of the bill. We're obviously concerned about a couple of reservations that you've stipulated.

In view of the fact that we're using the Reserve Forces in an expanded role, many members of this committee feel that the distinction between Reserve and Active Duty personnel in terms of the level of benefits that they receive under the GI Bill is no longer justified.

How do you justify that distinction when we are relying on our Reserve Forces to a far greater degree and yet we're telling them that, in terms of the benefits under the education program, they aren't qualified for the same programs that Active Duty personnel are?

Mr. CONTE. I understand fully what you're saying, Mr. Chairman. DOD strongly supports fair and equitable treatment for the Reserve components, especially since we are asking them to train to the same standards as the Active Duty folks and to perform the same missions.

However, I think we shouldn't lose sight of the fact that the GI Bill program, as originally passed, is in fact a different program for the Reserves.

The active program is a contributory program, it requires a member to contribute $100 a month for 12 months in order to draw the benefits. The active force program requires at least 2, 3 or 4 years of active service and members would not be able to use their benefits until they leave the service. The Reserve program is a noncontributory entitlement that can be used immediately once eligibility is established, and provides a smaller monetary benefit—about half the Active Duty benefit. And so there is this basic distinction between the two programs.

It may be important for perceptions of equity to have the programs align a lot closer, but we don't think that these particular changes are that important.

Mr. PENNY. What accounts for the differences in your estimates of the cost of expanded chapter 106 and the estimates made by CBO?

The numbers I have indicate that your estimates of $166 million; the estimates of CBO are $133 million. Do you know——

Mr. CONTE. Well Mr. Chairman——

Mr. PENNY [continuing]. What you did in your calculations that they didn't do at CBO?

Mr. CONTE. We just became aware of the CBO estimates late yesterday. Based on a brief discussion, I think essentially CBO followed the methodology or the logic that the 6th RMC did when they developed the initial estimates for the expansion of these benefits. They're both different from the DOD estimate that we currently have before you.

The basic difference is that the CBO estimate does not include those people who are already in graduate school, taking graduate classes, and paying for these classes themselves. We assume that those who are motivated to attend and pay for their own graduate school would certainly apply for benefits if they became an entitlement.

We did not assume 100 percent of these would apply because obviously some are pretty far along, probably coming close to the end of their obligation. But we assumed that reasonably 50 percent of those would apply for and use the expanded benefits if they became available. So that added to our cost estimate. The CBO estimate did not take any of those potential users into account.

In addition there were some differences in the way historical participation rates were used. The CBO indicated that this was a very preliminary estimate on their part and we'll be happy to get to-

gether with them and discuss their assumptions in more detail to see if we can come up with a more finite understanding of why we differ.

Mr. PENNY. Would you be more supportive of expansion of chapter 106 if the numbers looked better and we could keep the costs down?

Mr. CONTE. Certainly the lower the costs, the easier it would be for DOD to absorb them. However, the Department of Defense is going through a current program reduction of about $6.3 billion. The Reserve components have currently very significant deficiencies in funding for their unit and individual skill training which are mission related. It will be difficult I think to justify an increase——

Mr. PENNY. We do want you to know that we're sensitive to that concern and, in the budget request that we made and, I believe, the budget request made by the Armed Services Committee, we highlighted the need for additional resources for this expansion without advocating that it be done at the expense of other needs or for those personnel.

The final decision may not be ours. It may be that of the Budget Committee and budget negotiators, but we are advocating that it not be done at the expense of other concerns.

Mr. Smith.

Mr. SMITH. Thank you, Mr. Chairman.

Mr. Conte, you state in your testimony, and I quote: "Vocational training could be helpful . . . if it was targeted specifically at shortages in critical individual military skills."

Could you amplify on that? Because you also note that there is no evidence apparently that " . . . demonstrates that individual or unit readiness would be measurably improved . . . "

Have there been any studies? Is that common-sense projection?

Mr. CONTE. I think that's basically common sense. But my statements also represent an understanding of how Reservists use educational help. The VA has provided us with information, as has the 1986 Reserve Component Survey, which indicates that Reservists generally use educational programs to further their civilian occupations.

I would say that taking the Montgomery GI Bill as currently structured and trying to target it at specific skills, gets away from the basic intent of the current program which is a general entitlement. That could very well lead to fragmenting the program altogether and move away from the basic concept of a general entitlement and then become a targeted program.

We do have other authorities that we use to target particular skills that we need to fill. We have enlistment bonuses, re-enlistment bonuses, affiliation bonuses, and other types of incentives, particularly for the medical community, that we employ to improve strength levels in critical skills.

I think that we would be better off expanding some of those rather than attempting to convert the Montgomery GI Bill to a targeted incentive program.

Mr. SMITH. Thank you.

Mr. PENNY. Mr. Sangmeister?

[No response.]

Mr. PENNY. Mr. Chairman, we're pleased to have you with us for our hearing this morning. I know you may have some questions for Mr. Conte and we also want to give you an opportunity to make any remarks in support of the legislation.

Mr. MONTGOMERY. Thank you, Mr. Chairman.

I have some good news. I would like to be considered as a witness, but I think it would be better if I submit my full statement for the record and it will speed up the process and maybe ask Mr. Conte and ask our other witnesses some questions of interest to me.

[The prepared statement of Chairman Montgomery appears on p. 93.]

STATEMENT OF HON. G.V. (SONNY) MONTGOMERY, CHAIRMAN, FULL COMMITTEE ON VETERANS' AFFAIRS

Mr. MONTGOMERY. Basically I say in my statement that I feel that for the Reserve part of the Montgomery GI Bill, the coverages should be the same as it is for the active Forces. Mainly my prepared remarks are directed toward section 2 of H.R. 1358.

I will ask the Reserve Chiefs, and I hope they'll be thinking about it, and I don't think there's any question, Mr. Chairman, that the Congress would like to turn over more missions to the Reserve Forces and to the National Guard, not so much that the active forces cannot do the job as well but because of the problem we find in the budgetary situation that we're in now in that there is going to be an effort to move more missions over to the Reserve Forces.

So therefore I hope the Reserve Chiefs will think about that and maybe tell for the record do they think they can make their strength levels without additional incentives to attract the young men and women into the Reserve Forces or are they making their strength levels now? I think we need to know that.

I would hope, Mr. Conte, that the Defense Department would not oppose section 2 of this bill again, which does give the same coverages to the reservists.

I think there's no question, in moving around and talking to the people in the Department of Defense who manage the Reserve Force, especially that the vocational tech training really would attract more young men and women into the service.

I say in my statement here that it's proven in a new survey that people are going to be using their hands more—rather than a college degree, they're going more toward vocational training, working on different types of machinery. It would certainly help the Reserve Forces.

And that's why I feel very strongly that we should give vocational-technical training and provided graduate trainig. This would help the Reserves, for example, to attract weather people to do the weather services. We need to get people into the National Guard and Reserves who have all this training. Maybe they come in with a degree but do not have a Masters or a Ph.D. degree. In those areas, I think this has some merit to it.

Plus we find that the active duty GI Bill is now practically paying for itself, with over $650 million being taken in from the $100 a month in reduced pay per servicemember.

Now I know in 1990 and 1991 we will have more money to go out from the VA and from the Defense Department for these young men and women using the GI Bill, but quite frankly the peacetime Montgomery GI Bill is not costing the taxpayers any money at this time, and if you consider the interest that would be paid to borrow the $650 million, we're doing real well under it.

I hope you'll take a good, hard look at this and let us have these additional incentives for the reservists.

Mr. CONTE. Congressman Montgomery, I agree with your comments regarding the contribution of the Reserves to the Total Force. If we expanded the benefits and made them available particularly to vocational and technical training, I'm not sure we would get additional enlistments, because I just don't have the data to support that.

But I do think that we would get longer enlistments, assuming participants would be required to sign up for 6 years as stated in the basic bill. And I think that would also save recruiting and retraining costs.

But our concern at the moment is that——

Mr. MONTGOMERY. Why don't you just quit these——

Mr. CONTE [continuing]. Where is the money coming from?

Mr. MONTGOMERY [continuing]. What we're trying to do here?

Mr. CONTE. Well if I could, I want to emphasize that it is not clear where we would get the money to pay the additional amounts that would have to be paid up front.

Unlike the Active Components GI Bill, the Reserve Program will not pay for itself. All funding for this new entitlement will come from the Services budgets for other programs. Initial inquiries indicate that the areas most likely to be decremented are Special Training and Mobilization Training.

We're not advocating that and we certainly don't want to advocate that the Reserve appropriations be reduced in their recruiting and their training programs in order to pay for this bill. The funds are still going to have to be paid up front. In the case of vocational tech training only, the cost is $64 million. Those monies would have to be put into the VA fund each fiscal year.

Our concern is that the Reserve components themselves would have to cough up that money from their already constrained training budgets.

I think we've got some deficiencies there already——

Mr. MONTGOMERY. Mr. Conte, the CBO figures sometimes really don't hit the target at all. I believe the figures are too high, way too high.

The numbers for the subcommittee that the CBO pointed out when we were first implementing the GI Bill were between 13 and 19 percent of the Army using the peacetime GI Bill; 92 percent of the Army is now signing up for the GI Bill. They missed it terribly. Over 75 percent of all the forces use the peacetime GI Bill.

Sometimes this is not their fault. But if you can't get the right information—like you said, you don't know whether vocational-technical will bring in new people or not, so I'm not sure we should be locked in if it's going to cost $60 million.

Mr. CONTE. Congressman, you're right. I don't want to sit here and say that we've got a lock on the truth on the cost estimates.

We certainly don't. Our estimates are based on certain assumptions. Our assumptions could be wrong.

But our intent and our desire was to make sure that we didn't understate the costs of the program. We wanted to be as conservative as we could in making those assumptions, so that we didn't come up here and say the bill was only going to cost a few million dollars and then have the entitlement enacted and subsequently have the Reserve components faced with this tremendous cost that we hadn't programmed or budgeted for; that was our interest.

Now I think our assumptions are reasonable, but I certainly won't sit here, sir, and tell you that they're better than somebody else's assumptions until we know what their assumptions are an have an opportunity to evaluate them..

Mr. PENNY. Thank you, Mr. Conte.

And thank you, Mr. Chairman, for your presence this morning and for your work on this issue. You are the chief architect of the GI Bill and we appreciate your leadership.

I also want you to know that after having visited the Air Force facilities down in San Antonio last week the GI Bill is doing a good job. I was told by the commander of that base that the participation in the program is now above 80 percent among the recruits. It's certainly evidence of success.

Thank you, Mr. Conte, for your testimony.

Next we will hear from the Active Duty Personnel Chiefs. I would like to welcome Lt. Gen. Allen Ono, Deputy Chief of Staff for Personnel of the U.S. Army; Rear Adm. Francis Donovan, Assistant Deputy Chief of Naval Operations for Manpower, Personnel and Training, U.S. Navy; and Lt. Gen. Thomas Hickey, Deputy Chief of Staff for Personnel, U.S. Air Force; Brig. Gen. James Myatt, Director, Manpower, Plans and Policy Division of the Marine Corps; and Rear Adm. Thomas Matteson, Chief of Personnel and Training, U.S. Coast Guard.

Gentlemen, we're honored to have you with us this morning. For the benefit of the other members, I want to explain that I did not request written testimony from this panel; accordingly, I want to begin by asking each of you to respond to a couple of different questions.

One of the reasons that's cited by Chairman Montgomery to expand the chapter 106 program is the issue of equity between Active Duty and Selected Reserve eligibles; in other words, should the same educational opportunities be available to both groups?

Will each of you share with us your personal views on this point?

You might just start in the order in which I introduced you.

STATEMENT OF LT. GEN. ALLEN K. ONO, DEPUTY CHIEF OF STAFF FOR PERSONNEL, U.S. ARMY

Lt. GEN. ONO. Good morning, Mr. Chairman, I'm Al Ono from the Army.

And in concept the answer is yes, we do want parity between the Active Duty Force and the Reserve Forces. At the same time, there is an important principle that we'd like you to keep in mind, and that is that the current Montgomery GI Bill is a extraordinary recruiting incentive for the U.S. Army. Without it, we would not be

able to recruit a quality Army. The Army and all of America owe a tremendous debt of gratitude to the sponsor, Mr. Montgomery, who is here.

At the same time, because of its tremendous importance, we do not wish to have any change introduced that would jeopardize it. Any change made that would be too costly or too complicated, that would cause it to be removed as a recruiting incentive would concern us greatly. For that reason we ask that caution be applied as we examine the various changes that are being proposed.

Mr. PENNY. I think we just want to move in the order in which you were introduced.

Thank you, General Ono, for your response. Although we understand your reservations, we on this committee are trying to find the resources that will allow us to do right by both Active Duty and Reserve personnel.

STATEMENT OF REAR ADM. FRANCIS R. DONOVAN, ASSISTANT DEPUTY CHIEF OF NAVAL OPERATIONS FOR MANPOWER, PERSONNEL AND TRAINING, U.S. NAVY

Admiral DONOVAN. Yes, sir. I am Francis Donovan, Deputy Chief of Naval Personnel, sitting in for Admiral Boorda, who is down in one of our fleet home ports this morning. Thank you for the opportunity to be here with you.

As far as the Navy is concerned, I would echo what General Ono said. I feel that the issues are the fact that the Active Duty program is contributory and requires a period of active—full time active service.

I have Admiral Hall, who will be following me with the Reserve panel shortly, but I don't believe that at the present time the Naval Reserve is experiencing any difficulty in recruiting or training officers. With respect to the graduate education, I don't feel that that particular program is necessary for mobilization requirements for meeting the mission of the Naval Reserve at this time.

Mr. PENNY. General Hickey?

STATEMENT OF LT. GEN. THOMAS J. HICKEY, DEPUTY CHIEF OF STAFF FOR PERSONNEL, U.S. AIR FORCE

General HICKEY. Yes, sir.

I join my compatriots in thanking you for the honor of being able to appear before you to discuss H.R. 1358 this morning.

On the question of section 2, I think conceptually we also support expanding that and getting as much equity as we can between the Active Duty and the Reserve Forces in terms of what they do with the money that's proposed.

We have some concerns with the total expansion that's in there. For instance, if you get into graduate programs, if it has wide uses, then we start running into—in the Reserves we start running into a money crunch, and it becomes a matter of affordability.

We think the program is doing very well now and some opening that we find useful for our Reserve components in the Air Reserves and National Guard would be worthwhile and we would support that measure.

Mr. PENNY. Run that last part by me again?

General HICKEY. We would support those parts that open up some of the technical schools and expand some of the usage. We have some concerns about expanding it to the academics of advanced or graduate degrees.

Mr. PENNY. Thank you. I was in Texas last week and it seemed to me that, if you're going to have your Reserve Forces doing the kind of duties that you expect of your Active Duty personnel, technical training would be important. I can understand your qualification about the other types of training beyond technical training. I appreciate your drawing that distinction.

If I might back up to Admiral Donovan: In terms of recruitment for Active Duty and the Reserves, you indicated it was a major factor. But I know from my own discussions with some of my friends in the Reserves that, if you're going to move up the ranks it's considered to be advantageous to pursue an academic career as well as a military career. As your leadership potential is evaluated for promotional purposes, what you're doing in terms of your academic pursuits becomes a major factor.

It seems to me that especially for the officers ranks in the Reserves, that the availability of education assistance for graduate work would be important. Correct me if I'm wrong, but you seemed to downplay the importance of that as a recruiting tool.

Admiral DONOVAN. Sir, what I'm talking about is that we don't seem to have the difficulty right now in people affiliating with the Naval Reserve and in the sell rate—the sell rate is what we're primarily talking about—and whether or not that would be a factor in people staying; particularly as there is some evidence that it's noncontributory, I think the cost then comes into question.

Mr. PENNY. So you're more concerned about the cost implications, the cost benefit?

Admiral DONOVAN. Yes, sir.

Mr. PENNY. And you're not denying that it's an attraction?

Admiral DONOVAN. No question. If it was something that could be afforded, it would be beneficial, yes, sir.

Mr. PENNY. Thank you.

General Myatt.

STATEMENT OF BRIG. GEN. JAMES M. MYATT, DIRECTOR, MANPOWER, PLANS AND POLICY DIVISION, U.S. MARINE CORPS

General MYATT. Yes, sir. I'm here representing Bill Hudson, and he is the Deputy Chief of Staff of Manpower and Reserve Affairs.

We're all involved in Reserve Affairs in our headquarters; so the answer I'll give today will be considerably different than I would have given 3 months ago, before I was also responsible for the total forces.

Based on that, we would like to see the entitlements for the total force be nearly the same. In that regard, I would support the vocational-technical aspects. Mainly because, in the Marine Corps case, it means that it will help recruiting. We think the GI Bill has been very, very valuable to us in recruiting for the Selected Marine Corps Reserve. I think 91.4 percent of our reservists now are contracts, 6-year contracts, mainly because of the Montgomery GI Bill.

We do have problems with the real benefit of the graduate training for reservists: in some cases it's a distraction. It is expensive and I don't know that we need it, but I do think we need the vocational-technical training for a number of reasons to include not just national service but in producing a paid-up, participating, taxpaying member of society.

We do have a problem if we try to link this with—and I'll talk to this, I guess, when I stay for the section 2 portion—but trying to link vocational-technical training with a military occupational specialty.

As you know, many of our reservists are, in fact, infantry and we have a hard time finding vocational technical courses that would make them better infantrymen. But I think we can certainly find some that would make them better Americans.

Thank you, sir.

Mr. PENNY. Thank you for that testimony.

Admiral Matteson.

STATEMENT OF REAR ADM. THOMAS T. MATTESON, CHIEF OF PERSONNEL AND TRAINING, U.S. COAST GUARD

Admiral MATTESON. Good morning, Mr. Chairman.

Like my colleagues, certainly the Coast Guard supports parity, as much as can be achieved, between the active and the Reserve Forces in benefits they receive from the bill.

This will be my last opportunity to testify before this panel; I'm going to another position; and I want to take this opportunity to report back to Congressman Montgomery.

Two years ago I testified before this committee that the participation of the Coast Guard was approximately 50 percent of our eligible recruits, and I promised you that we'd do something about it.

I'm happy to report to you this morning that in the past year Coast Guard participation has been slightly over 90 percent, that we've taken in 3,600 recruits and that 3,250 of those have opted for the Montgomery GI Bill. We consider it to be a very, very beneficial and critical element in our recruiting process and we would certainly urge that any alterations, revisions, changes to the bill would be approached very carefully.

Thank you, sir.

Mr. PENNY. If I might ask, Admiral Donovan, General Hickey and General Ono with respect to the percentages in your branch of the service?

General ONO. For the Army, we have been holding over 90 percent of 20-plus consecutive months.

Mr. PENNY. That's for active duty?

General ONO. That's for the active component.

The Reserve component is more difficult to evaluate, because you have to come back on active duty for training and then enroll at that point. But for the Army, the Army National Guard, plus the U.S. Army Reserve, there are over 85,000 are enrolled. So you can see how powerful this incentive is.

Mr. MONTGOMERY. Is that 85,000, did you say?

General ONO. Yes, sir, for the Reserve.

Mr. MONTGOMERY. For the Army Reserve, what percentage of the recruits coming in—and I guess General Ward can answer this—but what are your strength levels in the Army Reserve?

General ONO. I'm going to leave that for General Ward.

Mr. PENNY. We'll have that in a few minutes here.

Admiral Donovan?

Admiral DONOVAN. For this fiscal year, we're at 74 percent and since the beginning of the program we have a cumulative participation rate of 57 percent. And with the open door policy, which has been very, very good for us, we have approaching 6,000 people who have taken advantage of that.

As we get into March, as people are reviewing their records and we're going through a thorough review, we see that number increasing.

For example, March took the biggest increase—a bigger increase than we saw cumulative for the first 3 months. We're at 74 percent this fiscal year, 57 percent cumulative. And we are correcting significantly any difficulties we had earlier. We're approaching 6,000 who have taken advantage of the open door policy.

Mr. PENNY. I appreciate that. So those numbers continue to increase?

Admiral DONOVAN. Yes, sir.

General HICKEY. Sir, on the Air Force side of the house, we started out about 40 percent and finally got our act together and it has been increasing ever since.

We're currently now cumulatively for the whole program at 53, 54 percent, about 85,000 enlistees that have joined the program for this year. From October through this current portion we're at 81.3 percent. So it is continuing to grow every month and we have a very, very healthy program and very strong support for it.

We have picked up about 3,500 in our open season and we're pleased with those numbers and still pushing to get some more because we've still got some time to work.

I don't have total numbers of the measure, but I can tell you that we do have 7,214 reservists which are enrolled and using the Montgomery GI Bill, and 874 that are enrolled in colleges and universities.

Mr. PENNY. Thank you.

I can confirm the numbers that you just related. When I was down at Lackland I talked to some of the recruits—I was using the cumulative number—when I talked to them. I said I thought that somewhat better than 50 percent were participating in the program. Between mouthfuls of food, one young man looked at me and said, "Oh I'm sure it's much higher than that, Congressman," he said, "I think almost everybody in our squad is in the program." I checked with the commander after that and he said I had cumulative numbers. The Air Force is in excess of 80-percent participation of all the recent recruits.

So, I can confirm the numbers that you're related. We're glad to see you've got a more intensive program underway to educate the recruits about the benefits of the program. I sat through two of the lectures regarding the GI bill and you did an outstanding job of persuading them of the benefits of participation.

Are there any other committee members who have questions of this panel?

[No response.]

Mr. PENNY. If not, I do appreciate your willingness to come here and testify. I know that testifying in a situation that doesn't require written testimony is an unusual procedure for a legislative committee, but in view of the circumstances involved, and the nature of the issue involved, we thought it would expedite matters to handle it this way. We appreciate your cooperation.

Thank you for your testimony this morning.

Next I'd like to welcome to the witness table the Military Reserve Chiefs. Testifying this morning will be Maj. Gen. William Ward, Chief of the Army Reserve; Rear Adm. Thomas Hall, the Deputy Director of the Naval Reserve; Maj. Gen. Roger Scheer, Chief, Air Force Reserve; Brig. Gen. James Myatt, who is again representing the Marine Corps; and Capt. Robert Cozzolino, Deputy Chief for Reserve, Office of Readiness and Reserve of the U.S. Coast Guard.

General Myatt, if you want to, please stay at the table. If you want to skip the opportunity to repeat your remarks, you are certainly welcome to do that because you were speaking for both the active and Reserve personnel in your answer to our previous question.

We're going to proceed in the same manner in which we handled the panel previously and that is to simply ask you a question or two regarding the legislation before us this morning. Again, I ask that you respond in the order that you were introduced.

I want to find out your general views on the broadening of the education benefits available to Reserve recruits and what effect you feel that might have on recruitment and retention. If we can go right down the list, I would appreciate your reaction to that.

STATEMENT OF MAJ. GEN. WILLIAM F. WARD, CHIEF, U.S. ARMY RESERVE

General WARD. Mr. Chairman, I'm happy to respond to that.

The issue of parity, of course, is both economic and emotional. With respect to the readiness issues—most people would agree with your requirements for parity. There is a strong feeling that vocational-technical training is a significant contributor to retention as well as recruiting. However, the issue in the Army Reserve is not so much recruiting as it is retention.

We find, for example, the graduate training is of relatively marginal value in retention except in a couple of areas, and especially for nurses. More senior nurses are under increasing pressure to get their graduate degrees to retain their standing in the community and in their profession. Recently, a number of our more senior nurses in the lower field grade ranks have been under pressure to leave the program and get their graduate degrees.

We think there is some value in taking a look at graduate schooling for nurses. Nurses are a special case; consequently, graduate schooling might not have the same value for all the services. The Army Reserve has some 65 percent of the field hospitals, that is,

the hospitals that go to war. The total Reserve component has 78 percent of all field hospitals.

So in that particular area of graduate training, there seem to be important readiness and retention benefits connected with it in addition to the parity issue, which, of course, it goes without saying, we agree.

Regarding the Army Reserve's current strength, it exceeds our program strength, and the glide path is smooth. We could sustain more people in the force if we had more money.

We're having no great problems recruiting right now; however, we do have some retention concerns. We hope we can keep our glide path smooth through the end of this fiscal year.

Mr. PENNY. Thank you, General Ward.

Mr. MONTGOMERY. May I, Mr. Chairman?

What is your strength level for the Army Reserve?

General WARD. Including the Active Guard/Reserve, selected Reserve end strength is about 310,000, troop program unit (TPU) end strength was slightly in excess of 264,000 the last time I looked.

Mr. MONTGOMERY. What percentage of that is the Reserve strength is all I'm trying to find out. Are you over 100 percent?

General WARD. I'm over 100 percent strength right now.

Mr. MONTGOMERY. You're over 100 percent in the Army Reserve.

General WARD. Yes, I am over 100 percent of my authorized end strength.

Mr. MONTGOMERY. That's what I'd like to get from each of you.

General WARD. Our training funds are tightly stretched; accordingly we have to manage it carefully. If we drop off in strength, have to spend money that would otherwise be spend on training for retention. This has been a problem for the last 2 years.

Mr. MONTGOMERY. Thank you.

Mr. PENNY. My intention was just to proceed down the table.

STATEMENT OF REAR ADM. THOMAS F. HALL, DEPUTY DIRECTOR, U.S. NAVAL RESERVE

Admiral HALL. Mr. Chairman, it's a pleasure to appear before this committee. I represent Rear Adm. F. Neall Smith, the Director.

The Montgomery GI Bill has been a very positive influence in our retention, in our recruiting and in our entitlements to our people. We generally support the expanded benefits; it's a question of affordability.

We certainly think that graduate education makes for a better corps; that certainly helps. And, as you mentioned, promotion and other things—the vocational-technical, if targeted, could certainly help our people in their skills. So it's more a question of affordability than the desirability of it.

Mr. PENNY. I appreciate your support. Again in my Reserve unit that's what they keep telling me. I know that for a lot of members the availability of assistance under the GI Bill greatly enhances their ability to get those higher degrees and move up the officer ladder.

Thank you very much.

General Scheer?

STATEMENT OF MAJ. GEN. ROGER P. SCHEER, CHIEF, U.S. AIR FORCE RESERVE

General SCHEER. Thank you, Mr. Chairman.

I would like to echo my colleagues in that it's an honor to be asked to address this distinguished subcommittee.

I'd like to point out that over the past 2 years our readiness levels have reached an all-time high. Over 90 percent of our units are ready today. In the same period of time, retention, recruiting, participation, any areas we want to look at have likewise increased.

And what is perhaps so significant about this, it's been done during a period of time when unemployment has also decreased. Historically, during decreasing periods of unemployment, our recruiting and retention have been more difficult. Something has improved and led to our whole Reserve program being more attractive to the individual than ever before. Certainly the Montgomery GI Bill has been a significant factor in that.

If the Reserve Forces were asked to increase their activity levels in the future, we certainly think increased Montgomery GI Bill benefits are a small insurance policy if obviously fiscally it can be supported.

We, too, would support the vocational-technical and, as my friend in the Army said, perhaps in the nurse area some of those advanced degrees would be a very important factor. Nursing is one of the only two areas that we are having trouble recruiting.

Mr. PENNY. Thank you, General.

Captain Cozzolino?

STATEMENT OF CAPT. ROBERT G. COZZOLINO, DEPUTY CHIEF FOR RESERVE, OFFICE OF READINESS AND RESERVE, U.S. COAST GUARD

Captain COZZOLINO. Good morning, Mr. Chairman, I am pleased to be here and offer the views of the Coast Guard as it relates to the proposed amendment to the Montgomery GI Bill.

There is no doubt in my mind that in my service the Montgomery GI Bill has proven to have solid appeal to the young men and women that we want to attract and retain in the Coast Guard.

The proposed expanded benefits would no doubt increase Coast Guard Reserve participation. However, we believe the one program that may significantly increase Reserve recruiting and retention is the vocational and technical training.

I would echo what Admiral Matteson said: "We would like to see parity within the total Coast Guard Force."

In reply to the question you asked: in our service, in the Selected Reserve, we are close to 100 percent of our strength goal. We are bordering around 12,100, which is authorized strength.

Statistically, one could say that we have 12 percent participating in the Montgomery GI Bill program. That is not a good statistic because of the 12,000 man Reserve, there are only 3,500 eligible. That really equates to nearly 30 percent taking advantage of this worthwhile program.

Mr. PENNY. Captain, did you say 38 percent?

Captain COZZOLINO. About 30 percent. In excess of 1,000, yes, sir.

It does seem to me, however, to be questionable as to what extent "voc-tech" would motivate young men and women if the training weren't directly tied to his or her MOS. If these young people perceive "voc-tech" as merely an extension of their military training program, focused exclusively on the needs of the service, I don't know whether that would be seen as a benefit to them or simply as a substitute for training they should have been receiving all along.

I think the Montgomery GI Bill is a very good program and that any increases or enhancements of it should be looked at carefully as they affect the reservists themselves.

This concludes my statement. I will be pleased to answer any questions.

Mr. PENNY. Thank you, Captain.

I don't recall everybody speaking to the issue of levels of participation. I'd like to back up and pick up from some of you those statistics, if you have them.

General WARD. Mr. Chairman, we have 32,000 participating in the program. We add about 1,000 a month. The minimum level of participation appears to be about 54 percent. That's a difficult number to come up with, however. For example, I visited a unit just a week ago, interviewed every soldier in that unit and every soldier except the first sergeant, the supply sergeant, and the unit commander were actively participating in the GI Bill, either the Reserve version or the active version in the case of people that came off active duty and joined the unit. It was a C–1 unit, an excellent unit, and virtually every enlisted person was in the program.

Admiral HALL. In the Navy we've had about 12,900 total. About 21 percent of our people who are eligible meet the requirements for a 6-year enlistment and a high school diploma. Of that group, about 43 percent—and it's increasing, almost one in every two of our people today—are taking advantage of the Reserves.

Mr. PENNY. You say those numbers are increasing. Do you think that's simply a matter of educational information about the availability of the benefits?

Admiral HALL. I think it's the fact that we've made that available to them and they know more about the program. And also I think the general educational benefits that you get are going to help you in the Reserve and otherwise. So people take advantage of it for those reasons.

Mr. PENNY. General Scheer?

General SCHEER. Yes, sir. Right now approximately 30 percent of our people are participating: 1988 showed a little over 35 percent increase over 1987, so we see this thing picking up. These figures do not include, however, the numbers of people that are participating in the chapter 30 program by virtue of their Active Duty participation. Since 80 percent of our force is prior service, perhaps a significant number of those are also participating by virtue of the Active Duty program.

Mr. PENNY. Thank you.

All of you have indicated the vocational aspect is perhaps the most beneficial and a few of you have indicated that, in selected areas, nursing, for example, there might be some justification for providing benefits for a higher level of education.

All of you, though, are concerned about the impact this might have on the overall funding for the Reserve Forces. What do you think the trade-off would be? Are we talking about a reduction in force or are we talking reduction in equipment, a reduction in the construction budget within the military? Are you given any signals as to what is going to give if we make these benefits available at the cost of something else?

We can go down the table. You don't all have to respond, but anybody who feels they have something to offer is welcome to respond.

General SCHEER. Yes, Mr. Chairman, I think we would see impact on all of our accounts. Perhaps O&M, the Reserve personnel account and so forth would have to take equal decreases to support this.

I would like to suggest that if, fiscally, we have to fund the program with offsets, that there should be an administrative way that we could selectively fund the program to support increased vocational-technical and graduate education for nurses. In other words, let the unit commander decide; give him the same amount of money he has now but spread that a little differently to support these programs. That might be a way to do it, if, in fact, there has to be a trade-off on this.

Mr. PENNY. Okay.

Admiral Hall?

Admiral HALL. I could not speculate on which one of those it would come out of. I think you've hit those that are the pillars of the budget—force structure, readiness, modernization that would have to be looked at. Assuming the money would come out of one of those pillars, I couldn't speculate on which one it would be taken out of.

General WARD. All of our accounts would see an impact. However, the improvement in our retention numbers would give us a substantial amount of leverage in terms of the amount of money needed for recruiting and training new soldiers. Potential savings might be about $55 million from reductions in the turnover of our force. That money could be substantial leverage.

Mr. PENNY. Captain?

Captain COZZOLINO. Mr. Chairman, in the Coast Guard Reserve, we do not have the leeway to balance it against lower equipment purchases. It would, unfortunately, have to be out of the force structure itself.

Mr. PENNY. Come out of operations?

Captain COZZOLINO. Yes, sir.

Mr. PENNY. General Myatt?

General MYATT. Sir, I can't speculate how we would have to make the tradeoff. Our active recruiting service recruits our nonprior service Marines for our Reserve. It's really 20 percent of their quota. But they spend 30 percent of their time to get that 20 percent of their quota.

I think it's going to—if we had the vocational-technical, for example—and we're looking at what's going to happen here in the next few years with the decrease in the qualified military applicants available, that we're going to get a payoff in what we have to

spend on recruiting Reserves—and maybe our active recruiting service won't have to spend as much time recruiting Reserves.

Back to your basic question of where we do the tradeoff, if we have to do it within our existing obligation authority, we would have to find out where we would take it from a combination of other areas.

Mr. PENNY. Thank you for your testimony. I hope we don't have to put it in those terms, but we don't always get what we're looking for. I'm not sure what kind of success we're going to have in the budget process this year in adding this without the Appropriations Committee or some other authority telling us that it can't be done but it has to be done within existing sources.

I take it most of you are generally satisfied with the amount of commitment we've been able to make in the last several years for equipment readiness and Reserve Forces.

I talked to a lot of Reserve members and Guard units in my part of Minnesota and they're delighted with the commitment they finally see coming from the top toward their preparedness. I don't think any of us want to see that trend reversed. For about 10 cents on the dollar, we get personnel who are ready to go on a minute's notice. It's been a good investment.

Any additional reactions or remarks?

General WARD. That's a very accurate observation, Mr. Chairman. It's having a big impact not only on morale but also on the force's readiness.

Mr. PENNY. Are there any other committee members who want to question this panel?

Mr. Chairman?

Mr. MONTGOMERY. I think you mentioned this earlier, there was a request from this committee and the Armed Services Committee to the Budget Committee that funding for this additional coverage under the GI Bill be included in the budget. We would hope that that will be approved by the Budget Committee. That would help solve some of our problems.

Mr. PENNY. I want to thank this panel again. We are proceeding under somewhat unusual circumstances this morning since we're not requiring written testimony from three of the panels. We do appreciate your willingness to come and respond to questions and give us the benefit of your views. We wish you continued success with your recruitment program and your ability to attract other members to sign into the program. You're going in the right direction, as far as I can see.

Thank you for being with us.

I'd like to now welcome our panel of National Guard Chiefs:

Lt. Gen. Herbert R. Temple, Jr., Chief, National Guard Bureau; Maj. Gen. Don Burdick, representing the Army National Guard; Brig. Gen. Phillip Killey, Director, Air National Guard.

It is a pleasure to have you here this morning. Again, we did not request written testimony from this panel. We will proceed as we did with the previous panel. In the order in which I introduced you, I would appreciate your comments regarding the value of the GI Bill as a recruitment and retention tool for the National Guard.

General Temple?

STATEMENT OF LT. GEN. HERBERT R. TEMPLE, JR., CHIEF, U.S. NATIONAL GUARD BUREAU

General TEMPLE. Thank you, Mr. Chairman. I have a very short opening statement.

I am pleased to be here to have an opportunity to testify before this committee, but it is particularly pleasing to see two National Guardsmen sitting up at the dias, and so the things I talk about involving the National Guard I am certain that they will have a good deal of experience and relate to it quite well.

On my flanks here are the representatives of both the Air National Guard and the Army National Guard: Director of the Army National Guard, Maj. Gen. Don Burdick and the Director of the Air National Guard, Brig. Gen. Killey. They will talk to you in some precise depth as to the participation of the National Guard in the program.

But as we talked briefly before the hearings began, I think we can say with all relevance that the Montgomery GI Bill is probably the most visionary thing that has happened to the Reserve Forces in my entire career. The true impact of the program and the benefits that will be accrued will probably not be seen for some years to come.

But benefits will strike not only in the military services—and those of us who represent the Reserve Forces will feel great benefit from it—but I believe your communities and the citizens who live there will for a long time benefit from a better educated, more well rounded citizen who will come back to the communities after serving in his National Guard unit and contribute to the benefit of that particular locale.

Quite obviously when you begin to talk about costs the fact that we're educating our people better, they're able to draw higher incomes, it's to the benefit of the entire country through the fact that they're useful and, you might say, cost-effective citizens in our community.

So I think that you will see the Montgomery GI Bill will have a lasting effect not only on the effectiveness of the National Guard but certainly our communities, our states and our Nation.

Sir, that concludes my statement.

Mr. PENNY. General Burdick?

STATEMENT OF MAJ. GEN. DONALD BURDICK, DIRECTOR, U.S. ARMY NATIONAL GUARD

General BURDICK. Mr. Chairman, members of the committee, on behalf of our 455,000 Army National Guardsmen and women, I welcome the opportunity to appear before you and to comment on the Montgomery GI Bill.

Today the Army National Guard, this Nation's army on-call, has taken on new responsibilities with high quality soldiers, trained, equipped and modernized to a greater extent than ever before. The Army National Guard is at its highest level of readiness in our 353-year history. The Army's total Force policy and the resources provided by the Congress have made this improvement in the decade of the Eighties possible.

In the personnel arena, it is important that we recruit, retain and maintain a quality force. The current Montgomery GI Bill is a major recruiting and retention tool in helping us attain these objectives. It has proved to be an outstanding success.

Demographics show that recruiting may be more difficult in the future; hence, the proposed legislation, graduate education and also vocational-technical, should prove helpful.

At the end of fiscal year 1988 we had over 46,000 Army National Guardsmen and-women taking advantage of the benefits offered under the Montgomery GI Bill.

As you know, under current law the program provides benefits only to soldiers who attend undergraduate college. We expect the number of participants in this program to reach some 65,000 by the end of fiscal year 1990. We are currently at about 32 percent of all the eligibles participating in this program.

Mr. Chairman, this concludes my statement. Again I want to thank you and your committee for your support of our Army National Guard, and I will be pleased to answer any questions you may have.

Mr. PENNY. Thank you, General.

General Killey?

STATEMENT OF BRIG. GEN. PHILLIP G. KILLEY, DIRECTOR, U.S. AIR NATIONAL GUARD

General KILLEY. Thank you, Mr. Chairman.

As the new Director of the Air National Guard, I would just like to report to you that the Air National Guard is at its highest level of readiness in history. When we look at readiness, the key ingredient of that equation is our people. We are able to recruit and retain the highest quality of people that we have ever had in our history.

And as we look at retention; stability and experience is the key to success for the Air National Guard. When you talk about operating and maintaining the type of equipment that we have in the Air Guard, and the biggest contributing factor to our ability to recruit and retain those high quality people is unquestionably the Montgomery GI Bill.

And as we look to the future, and as the role of the Air National Guard becomes more important and is increased by our total Air Force commitment, recruiting and retaining people is going to become more difficult. The amendment to the GI Bill to include vocational-technical training is ideally suited for the Air National Guard, and we most definitely support it.

Like the Air Force Reserve, our mission in the medical arena has increased significantly, and we believe educational support in the medical arena for graduate work would be most beneficial to the Air National Guard.

As far as our statistics: 34 percent of our assigned strength or 14,336 people, are applicants to the Montgomery GI Bill at this time.

Mr. PENNY. What was that again, the percentages?

General KILLEY. 34 percent.

Mr. PENNY. 34 percent. Thank you very much.

General Burdick, I don't recall you mentioning the level of——

General BURDICK. Sir, I'll repeat that, it's around 32-34 percent. We presently have over 50,000 enrolled and I would expect that to increase by 65,000.

Mr. PENNY. And your total force is? Are you at 100 percent?

General BURDICK. Sir, we're very close to 100 percent right now. This month, I am 100 percent over program. By the end of the fiscal year, we should meet our strength.

But it's becoming more critical that we have incentives like this. Recruiting is becoming more difficult across the force so we need these incentives.

Mr. PENNY. We do have a report submitted to Congress by Secretary Duncan talking about the higher retention rate for GI Bill users versus non-users. In your testimony this morning it seems pretty clear that your experience has been that it really does make a difference.

General BURDICK. It certainly does, sir.

Mr. PENNY. Mr. Chairman, do you have any questions for this panel?

Mr. MONTGOMERY. I would hope that—I'm talking to General Temple and also to General Killey—I know you have some problems, some of this prior service that you get into in the National Guard, but I would hope you would concentrate some more on sign-ups for the peacetime GI Bill. Percentage-wise, I think you could improve it. Do you agree?

General BURDICK. Sir, I agree. Enrollment is increasing by about 1,100 each month, so we continue to increase our participation.

General KILLEY. Yes, sir, I agree.

Mr. MONTGOMERY. If you get the vocational-technical training added to it, that would also greatly help, wouldn't it?

General BURDICK. vocational-technical training is important.

Sir, let me comment on the graduate school training, too.

We have a problem in the Army National Guard to a certain extent, and I think, also in the U.S. Army Reserve, that we lose officers at the captain level. I believe that if we had the graduate training at least up through the captain level, this would assist us in bringing our captains to the 12-year point, then we'd get them over that hump and they'd stay for 20 years. So it's a recruiting tool, definitely. It also is a retention tool.

It's done wonders for us, we need it, and the expanded benefits. Certainly their cost and you have a cost attached, but I think, in an era of demographic changes, that we find across the force, it's going to be more difficult to recruit. We certainly need this.

General TEMPLE. If I may take you back to the issue of vocational training, I believe there is a great relationship between much of the vocational training that's available and applications to the National Guard.

And if you're able to adopt that concept, then it may very well be that the cost of training through the establishment of the military system could be substantially reduced by training many of our soldiers and airmen in the local communities on our skills which are at the vocational schools.

Mr. MONTGOMERY. May I have one more comment? I should have made it while the Reserve representatives were here. I want to

thank the National Guard personnel in the audience today as well as the Reserve.

Mr. Chairman, as I looked out there, there were some people from the Defense Department, staff people who have been working for years on the peacetime GI Bill and I wanted to thank them. And I notice they're still involved in it. We certainly had cooperation all through the years from the Defense Department and from the different Chiefs on implementing this peacetime bill and making it work. And I want to say that on the record.

Thank you.

Mr. PENNY. Thank you, Mr. Chairman. I want to indicate that the ranking minority member, Mr. Smith, is deeply interested in providing some assistance in the area of nurses' training, and I want to place in the record our intent to look at this issue between now and the time we mark up the bill.

My preference, of course, is to provide the equity between the benefits of Active Duty and Reserve Guard forces. However, if we have to scale it back and reduce some of those upper level academic programs, we might consider the Smith suggestion to target certain areas. So we may be in touch with all of you on that issue prior to mark up to see if there is some alternative that we might pursue.

I also want to find out about your procedures for instructing members, recruits, in the availability of these benefits. I've seen how they handle it with the Air Force recruits at Lackland Air Force base and I'm curious to know how you handle it in your Guard units.

I guess this is also a question I should have asked of the Reserve panel before this——

General BURDICK. Sir, we have a full-time recruiting and retention force. All of our recruiters are aware of the benefits of the Montgomery GI Bill. When they are recruiting individuals they do discuss this, and they do emphasize——

Mr. PENNY. What happens once you're in a unit in terms of the instruction that personnel receive on the availability of these educational benefits and the rest?

General BURDICK. Again, we have our retention NCO's in the units that are either full-time or part-time positions. The retention people did bring this to the attention of the people in those jobs.

General KILLEY. In addition to each individual who is recruited into the Air National Guard being told of the benefits available to them, our advertising via the different medias emphasizes our educational benefits.

Mr. PENNY. Thank you. We appreciate your being with us this morning and for helping us to better understand.

Mr. Sangmeister?

Mr. SANGMEISTER. Just one question. When I was in the Illinois senate this program became available in Illinois and though it was greeted with a lot of enthusiasm and we worked very closely with our United States Senator there—I don't know whether you have any figures, apparently they're not broken down by state, but how has the program done in Illinois since I left in 1986, shortly thereafter. And as I say there was a lot of enthusiasm for it. Does anybody have any—if you don't have it available for me, I'd like you to

personally drop me a line at the office as to how the program is working in Illinois.

General TEMPLE. Very well, sir. We'll go back and focus on Illinois and see if we can get that data.

Mr. SANGMEISTER. I'd really appreciate it.

General TEMPLE. Very well, sir.

Mr. PENNY. Thank you very much for your presence here this morning.

Next we'll hear from representatives of our Veterans organizations. We want to welcome Mr. Samuel Walsh, assistant director of the National Legislative Commission of the American Legion, accompanied by Mr. Philip Wilkerson; Mr. Paul Breuer, associate national legislative director, Disabled American Veterans; Mr. Frank Athanason, National Commander, Military Order of the Purple Heart; Mr. John Bollinger, associate legislative director of the Paralyzed Veterans of America and Mr. James Magill, director, National Legislative service, Veterans of Foreign Wars. If you'll proceed in the order that your names were called; Mr. Walsh, if you'll begin.

While we normally move through these on a five-minute basis, we again urge the members or witnesses to stay under five minutes if possible.

Mr. WILKERSON. Mr. Chairman, Mr. Walsh won't be here this morning. He is attended a hearing over in the Senate.

Mr. PENNY. Fine. You may proceed.

STATEMENT OF PHILIP WILKERSON, ASSISTANT DIRECTOR, VETERANS AFFAIRS AND REHABILITATION COMMISSION, THE AMERICAN LEGION

Mr. WILKERSON. Thank you very much.

The American Legion appreciates this opportunity to present its views on a number of the amendments to H.R. 1358 relating to various educational assistance programs for Active Duty, reservists and veterans.

Since our full statement has been submitted for the record, we will comment briefly on several provisions of this legislation.

With respect to the proposal to provide eligibility for the same type of programs for reservists that are provided for Active Duty program members, we are certainly supportive of this amendment.

Concerning the proposal to provide a 5 percent increase in the subsistence allowances for service-connected disabled veterans in the vocational rehabilitation program, the American Legion believes very strongly that such allowances provide an important source of financial assistance to those disabled veterans while pursuing a program of educational training to overcome their occupational handicap. As such, they need to be periodically increased. The fact that these subsistence rates have not been adjusted for nearly 5 years has placed an added economic burden on the disabled veterans in the program.

We are also supportive of the proposal to provide a similar increase to the rates of educational assistance to help the spouses, surviving spouses and dependent children under chapter 35. These rates, likewise, have not been adjusted in nearly 5 years and we

believe that adjustment at this time is needed for those currently either entering or continuing the program.

The bill also contains a number of amendments to chapter 30; the American Legion would offer no objection to these.

That concludes my statement, Mr. Chairman.

[The prepared statement of Mr. Wilkerson appears on p. 98.]

Mr. PENNY. Thank you, Mr. Wilkerson.

Mr. Breuer.

STATEMENT OF PAUL BREUER, ASSOCIATE NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS

Mr. BREUER. Thank you, Mr. Chairman. I'd like to briefly summarize my statement as well.

We deeply appreciate the opportunity provided to us to comment on H.R. 1358. Of course, we appreciate the advocacy you and the subcommittee members have demonstrated for the Department of Veterans Affairs Education Programs.

With respect to H.R. 1358, the DAV declines to take a position on those measures that do not directly affect chapter 31 and chapter 35 benefits since, as indicated in our prepared statement, we have a mandate from our membership to focus on those benefits and programs affecting service-connected disabled veterans, their dependents and survivors.

However, Mr. Chairman, we do have a position and a position of support for sections 6 and 7 of H.R. 1358, since they would increase by 5 percent chapter 31 and chapter 35 educational benefits that, as you know, are designed to facilitate education and training and financial support for service-connected disabled veterans, their dependents and survivors.

These programs, Mr. Chairman, are both very worthwhile, they are cost effective and, in these times of fiscal austerity, we thank you for setting forth these proposed increases.

We would note, however, that since the last increase in chapter 31 and chapter 35 benefits, mentioned by my colleague as being October 1984, the Consumer Price Index has risen 13.8 percent and the cost of higher education, according to the Department of Education, has increased 18 percent in public schools and universities and 28 percent in private schools, and those figures are since 1984.

During January 1989, Senator Allen Cranston introduced a bill in the Senate, S. 13, that would provide for a 13.8 percent increase in both chapter 31 and chapter 35 benefits.

Mr. Chairman, while we certainly provide our support for those provisions of H.R. 1358 that would allow for a 5 percent increase in chapter 31 and chapter 35 benefits, we would respectfully urge you and members of the subcommittee to elevate the rate of increase beyond 5 percent to a level that is more commensurate with the Consumer Price Index increase and the increase in the cost of education since 1984.

That concludes my comments.

[The prepared statement of Mr. Breuer appears on p. 103.]

Mr. PENNY. Thank you, Mr. Breuer.

Mr. Athanason of Purple Heart.

STATEMENT OF FRANK A. ATHANASON, NATIONAL COMMANDER MILITARY ORDER OF THE PURPLE HEART

Mr. ATHANASON. Thank you, Mr. Chairman. I'll try and keep mine brief, too.

There are only two points at which we can question, and that is in section 6 and 7 regarding the 5 percent subsistence allowance under the vocational rehabilitation program, chapter 31, and the program of education for survivors and dependents, chapter 35, respectfully.

We would respectfully propose a 6 percent increase in the vocational rehabilitation program and a 4 percent increase in the program of education for survivors and dependents.

Our justification of this proposal is based upon the fact that most recipients of survivors and dependents, chapter 35, receive Social Security equivalent payments under the Quale amendment, VA educational assistance and, in many cases, state benefits and other educational scholarships and grants, where veterans under the vocational rehabilitation system receive only their VA compensation and vocational rehabilitation subsistence.

Since 75 percent of the vocational recipients or approximately 19,500 of the approximate 26,000 veterans receiving benefits under this program are rated at 40 percent or less, their additional income from VA compensation is less than $300 a month. The largest group of participants receive only $73 monthly in VA benefits.

This would equate to additional VA compensation benefits—and then I've put a chart in there explaining each percentage.

Now granted, tuition fees and books are paid by the VA. However, the subsistence allowance and their VA compensation would hardly be enough to pay for rent and food without some additional income such as work study or part-time work of some sort.

In the case of recipients of survivors and dependents educational benefits, the income derived from the other sources is sufficient to meet their needs without resorting to part-time work. And then I've gone on to outline the different parts.

One point that Purple Heart would like to make clear is that we do not imply survivors and dependents do not deserve everything to which they are entitled. What we are proposing is a closer parity for veterans in vocational rehabilitation programs.

We thank you for this opportunity to present the Purple Heart views.

[The prepared complete statement of Mr. Athanason appears on p. 106.]

Mr. PENNY. Thank you, Mr. Athanason.

Mr. Bollinger.

STATEMENT OF JOHN C. BOLLINGER, ASSOCIATE LEGISLATIVE DIRECTOR, PARALYZED VETERANS OF AMERICA

Mr. BOLLINGER. Mr. Chairman, committee, thank you for this opportunity to present the views of the Paralyzed Veterans of America concerning H.R. 1358.

First of all, we congratulate you as the new Chairman of this subcommittee; we also want to welcome Mr. Sangmeister, we look forward to working with you.

I will keep my comments brief.

We agree with all the proposals in your bill. We agree with section 1, that an individual should serve at least 90 days of subsequent enlistment in order to be eligible for the new 10-year delimiting date.

Regarding section 2, we believe these expansions of chapter 106 are in the best interest of the Montgomery GI Bill and individual reservists. We've heard this morning that these added benefits may not justify the added program costs at this time, but we would respond by saying that the Montgomery GI Bill for both Active Duty and Reserve personnel not only provides for the recruitment of high quality recruits and their retention within the military, it also serves as a vehicle for these individuals to invest in their educational futures.

It has been estimated that the men and women who use these benefits will pay up to eight times the cost of their education in Federal income taxes made possible by the added lifetime income. This is certainly a good investment of government expenditures.

Regarding sections 3 and 4, we concur.

Regarding section 5, we supported similar legislation in the past that extended chapter 34 benefits only to those graduates of 77 and 78 who opted to participate in the VEAP program.

In view of the fact that chapter 34 benefits will end this year, we believe the extension represents a reasonable and fair response to all those Academy graduates who were denied the use of their Vietnam era GI Bill and we would not oppose either version of this amendment.

Regarding sections 6 and 7, your bill would provide a 5 percent increase in chapter 31 subsistence and chapter 35 benefits. These increased rates will certainly help offset the education expenses and associated costs. We believe such rates are absolutely necessary, especially since they haven't been increased since, I believe, 1984. So we welcome that proposal.

That concludes my testimony, Mr. Chairman.

[The prepared statement of Mr. Bollinger appears on p. 110.]

Mr. PENNY. Mr. Magill?

STATEMENT OF JAMES N. MAGILL, DIRECTOR, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. MAGILL. Thank you, sir, for the opportunity to present the views of the Veterans of Foreign Wars with respect to H.R. 1358.

As you know, we have been a strong supporter of the Montgomery GI Bill for many, many years. As we have stated before, we view this program as the most cost effective means of recruitment that we have now.

I will not go into all the provisions of the bill; we have already heard those. I would just like to say that the VFW does support the enactment of H.R. 1358.

That concludes my statement.

[The prepared statement of Mr. Magill appears on p. 113.]

Mr. PENNY. For those of you who did have written remarks, your entire testimony will be included in the record, just so you're aware of that.

I want to ask the PVA, VFW and American Legion to respond to the issue of the differential between survivors benefits and dependents benefits as opposed to the disabled veterans benefits—we've already heard from Purple Heart and the DAV on that issue—Just any reaction you might have to either the Cranston bill or some other proposal of providing a differential between the percentage increases for those two categories.

Mr. BOLLINGER. My initial response, Mr. Chairman, would be that in the absence of DIC reform and supplemental RH life insurance, I would be a little leery to see benefits for chapter 35 recipients decreased in any way. I do believe that service-connected disabled veterans should indeed benefit from these programs in every way we can afford. I just—I don't think we could support that at this time.

Mr. PENNY. Mr. Magill?

Mr. MAGILL. With your permission, I would like to go back to our office and respond at a later time in detail.

Mr. PENNY. That would be fine. We will include that in the record.

Mr. Wilkerson?

Mr. WILKERSON. It's a different approach, certainly, to the issue of compensation for these individuals. I believe, without having done any research, that we would not support that proposal. However, I would feel more sure in making the statement if we could provide something for the record.

Mr. PENNY. Okay. We'll give you time to do that. We appreciate that response.

I have no further questions of this panel.

Mr. Sangmeister, do you have any questions?

[No response.]

Mr. PENNY. If not, we really appreciate your assistance this morning and thank you for moving this along and thank you for your testimony.

Our last panel is composed of representatives of military associations. We are happy to have with us today Maj. Gen. Robert F. Ensslin, chairman of the Reserve Components Advisory Committee and member of the Council of Trustees, Association of U.S. Army; Sgt. Maj. Jim Hendricks, executive director, Enlisted Association of the National Guard; Mr. Charles Jackson, executive vice president, Non Commissioned Officers Association of the USA; and Maj. Gen. Bruce Jacobs, assistant executive director, National Guard Association of the U.S.

Once again, we will proceed in the order in which your names were called, which means we will begin with General Ensslin. Again, your written remarks will be included in the record and we appreciate any abbreviated remarks you might want to make.

STATEMENT OF MAJ. GEN. ROBERT F. ENSSLIN, JR., FLARNG, CHAIRMAN, RESERVE COMPONENT ADVISORY COMMITTEE, ASSOCIATION OF THE UNITED STATES ARMY

General ENSSLIN. Thank you, Mr. Chairman.

We appreciate the opportunity to express the views of the Association of the U.S. Army on the proposed amendments to the Montgomery GI Bill as reflected in H.R. 1358.

While all of the amendments addressed in the bill are noteworthy, we are most concerned with the provisions of section 2, which provides equity of educational training opportunities for members of the National Guard and Army Reserve in their use of the Montgomery GI Bill.

Ever since the advent of the total force, we have supported the idea of equity in the provision of entitlements and benefits. The process of achieving that has been slow and laborious, but there has been progress in the area of special pay, exchange and commissary benefits and family quality of life programs.

Selected Reserve units will benefit by the section 2 amendment that offers vocational, technical and graduate education benefits through participation in the Montgomery GI Bill.

There is no doubt that Reserve Component GI Bill incentives have markedly assisted Guard and Reserve recruiting and retention. But while some may say that the Reserve Components are meeting their enlisted end strength objectives without these added incentives, we refer them to a statement provided by General Ono, DCSPER, U.S. Army, on 7 March 1989 before the Defense Subcommittee on Appropriations, House of Representatives, in which General Ono testified that:

"Army National Guard and Reserve recruiting missions are also at risk. They, too, need continued funding of incentive programs . . ."

End strength problems begin slowly and are difficult to control as they gain momentum. Neither the Army Guard nor the Army Reserve met their first term non-prior service accession objectives during fiscal year 1988. And, in our opinion, that is a direct result of not having the bonuses during the first quarter of the fiscal year due to the CRA.

Yes, we did enlist quality personnel: 85 percent were high school graduates, 86 percent scored average or above on the AFQT. However, just as the active component has seen the first sign of recruiting problems, similar signals are appearing in the Reserve components.

The Army wants quality people, especially those who place a value on education and the opportunity that education returns to them. We already know that because of demographic changes there will be critical shortages of technically literate workers in the future. This will manifest itself in a reduced ability of our enlisted personnel to operate weapons and diagnostic repair systems. It is incumbent upon us to attract, train and retain those most able to assimilate the training needed for our Army to be technically proficient.

The same rational exists for those interested in vocational or graduate education. That thirst for education can only make the

Army better and certainly provides the sort of incentive that General Ono spoke about last month to other members of the House.

Equity is the most important factor here, and because we feel strongly about that we are, of course, in favor of section 1 which delimits the period of eligibility, section 3 which prohibits receipt of dual benefits for the same period of service, and section 5 which allows certain 1977 Academy and college senior ROTC graduates to receive educational benefits.

The Association of the United States Army supports the various amendments offered in H.R. 1358 and is appreciative of the committee's efforts on behalf of the Guard and Reserve.

Mr. Chairman, this completes my statement. I welcome any questions.

[The prepared statement of General Ennslin appears on p 115.]

Mr. PENNY. One quick question, and that is comparing this as a recruitment tool as compared to bonuses: any observations about the type of people that we attract by using educational benefits instead of a bonus program?

General ENSSLIN. I think, of course, the bonuses are selective and the appeal of the educational benefits is they're offered across the board. We have difficulty on some occasions in certain Armories where one unit in the Armory may be entitled to bonuses for their recruits and another unit in the same Armory may not, which creates a dichotomy of appeal and makes it difficult at times to recruit in the non-bonus units. But both incentives have proven to be very valuable and extremely important to our recruiting success.

We have been successful for a number of years in the Reserve components in meeting the recruiting targets but it hasn't been easy. It has been hard work, it has required a sustained effort and we have been very dependent upon incentives offered.

Thank you.

Mr. PENNY. Mr. Jackson?

STATEMENT OF CHARLES R. JACKSON, EXECUTIVE VICE PRESIDENT, NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA

Mr. JACKSON. Good morning, Mr. Chairman, and before we start I would like to congratulate you on your assumption of the Chair for this subcommittee. We look forward to working with you over the year.

As my statement will be added to the record, I will summarize my comments. On H.R. 1358—we also have some additional comments that we would like to make today:

Sections 1, 2 and 4 of H.R. 1358 are fully supported by NCOA.

Section 3, which bars concurrent earning of benefits under chapter 32 and chapter 106 of the Reserve portion of the Montgomery GI Bill, NCOA does not object to this change, however, we believe current participants in this program should be grandfathered and not penalized as a result of the change in the legislation.

Section 5, which would grant Vietnam era GI Bill eligibility to 1977 and 1978 graduates of the military Academies, NCOA has strong reservations concerning this proposal. To single out Academy graduates who have benefitted from taxpayer provided educa-

tion while less advantaged Vietnam era veterans are denied a full 10-year delimiting period for use of their benefits is totally unacceptable to NCOA.

Sections 6 and 7 of H.R. 1358 is strongly supported by NCOA, as well as section 8.

In summary, NCOA strongly supports the provisions of H.R. 1358 with the exceptions noted in sections 3 and 5.

Mr. Chairman, NCOA is becoming increasingly concerned about the fate of Vietnam Era GI Bill veterans who will lose their education benefits on December 31 of this year and have not had the full 10-year eligibility that is afforded most veterans. These career service members, many with multiple combat tours in Vietnam, have been arbitrarily denied full use of their educational benefits through no fault of their own but, rather, because they were forced to leave the services because of personnel policies which would not allow them to remain on active duty through June 30, 1988.

We urge this committee to provide Vietnam-era veterans the full 10-year delimiting period for use of their educational benefits. We believe this can be done in one of two ways: either by extending the December 31, 1989 cut-off date or by providing for a conversion to the Montgomery GI Bill on January 1, 1990 for any unused benefits.

We continue to contend that participation fees required for participation in the GI Bill tend to discriminate against the married and the economically disadvantaged. Under current law, all recruits are required to forfeit nearly 20 percent of their monthly pay for eligibility in education benefits. This is just too large a burden for many to bear. Accordingly, NCOA urges the committee to advance legislation to eliminate the participation fee. And if this is not economically feasible, the NCOA would urge the committee to revisit the issue of extending the forfeiture over a longer period of time to minimize its impact on many pay requirements.

The committee should also consider allowing enrolling in the Montgomery GI Bill at reenlistment for those who initially declined to participate.

In fact, in regard to fees, Public Law 100–689 provides for a death benefit to be paid to survivors of Montgomery GI Bill participants who died on active duty in an amount equal to what they have contributed. We strongly recommend that these provisions be extended to veterans who are separated from service and subsequently die of a service-connected cause. We believe that an individual who is injured in service, who is discharged, goes to a VA hospital and subsequently dies there without ever participating should also receive that death gratuity to the survivors.

Finally, we recommend that the committee provide benefits under the Montgomery GI Bill to those servicemembers still serving who were recruited between January 1, 1977 and June 30, 1985 who are eligible currently for the VEAP education programm.

Mr. Chairman, with the presence of the education President in the White House, Congress has a unique opportunity to develop and provide improved universal education programs which treats all veterans and servicemembers equally. Certainly no other group of Americans are so deserving of the best educational benefits this government can provide.

Thank you for allowing my testimony.

[The prepared statement of Mr. Jackson appears on p. 116.]

Mr. PENNY. Thank you, Mr. Jackson, for those additional concerns that you raised as well.

General Jacobs?

STATEMENT OF MAJ. GEN. BRUCE JACOBS, ASSISTANT EXECUTIVE DIRECTOR OF THE NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

Maj. GEN. JACOBS. Mr. Chairman, thank you very much for giving the National Guard Association an opportunity to be here this morning.

As the Tail End Charlie of your hearings this morning, I must add I rather tremble at the fact that fate has consigned me to going into the history books as the man who will cause the chairman to go over his 11 o'clock deadline. I apologize for that and I will keep my remarks very brief and submit a statement for the record.

We feel very strongly that the genius of the GI Bill, the Montgomery GI Bill, has been the fact that it has brought together two very classic American desires: the desire to serve one's Nation coupled with a desire to improve one's education. If there is any ingredient which I think needs to be added to the commentary that has been made here this morning—and certainly every aspect of the program has been discussed—it is with specific reference to section 2.

The fact of the matter is that perhaps the greatest values of this proposal are not only that it will inevitably increase the combat readiness of the units because of increased ability of individuals to acquire the kind of technical training or advanced educational training that is needed in a modern world and a modern Army, but it is needed in modern society.

And what the GI Bill does is encourages young people who are serving their country to go out and also acquire an education. It is very important in creating a better educated group of young folks in the work market and as they go along you're helping those employers who are sacrificing an awful lot when they allow their employees to take part in the demanding Guard and Reserve programs. We think the hidden benefit of all this will be enormous for the employer communities.

So the National Guard Association supports the Montgomery GI Bill as it is currently written, but, we believe it can be further improved by expanding the educational options to those which are currently available to the active force personnel as well, and we solicit your support in that direction.

Thank you, sir.

[The prepared statement of General Jacobs appears on p. 120.]

Mr. PENNY. Thank you very much. You did a great job as cleanup batter here this morning in terms of extolling the virtues of the GI Bill, not only for our personnel also are on active duty but also in periods after leaving the service.

Are there any questions of this panel?

[No response.]

Mr. PENNY. If not, thank you very much for your testimony this morning.

I want to back up to the veterans' organizations, and, on behalf of Chris Smith, suggest that you provide a response to this committee to his proposal that we try to target health care professionals in terms of our eligibility for educational benefit coverage. He feels this has a tie-in to our need to deal with the problems in the VA health care system would like each of the veterans' organizations that testified this morning to respond to that concept so that we have some idea if there is a workable connection that could be incorporated into this bill as we move to mark up.

With that, I want to thank everyone for their testimony this morning. We appreciate having your input. We'll certainly keep in mind those concerns as we proceed to mark up H.R. 1358.

It's been only five minutes longer than I indicated I planned for this hearing, and it shows me that setting some kind of a deadline does achieve its objectives. It's kind of like Gramm, Rudman, Hollings. Maybe, it doesn't balance the budget but it moves you in the right direction to set some kind of goal.

It's been great to have you here this morning. We appreciate your participation.

The meeting is adjourned.

[Whereupon, at 11:06 a.m., the meeting of the subcommittee was adjourned.]

APPENDIX

I

101ST CONGRESS
1ST SESSION

H. R. 1358

To amend title 38, United States Code, with respect to the Montgomery G.I. Bill, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 9, 1989

Mr. PENNY (for himself, Mr. SMITH of New Jersey, Mr. MONTGOMERY, Mr. STUMP, Mr. EVANS, Mr. ROBINSON, and Mr. DORNAN of California) introduced the following bill; which was referred jointly to the Committees on Veterans' Affairs and Armed Services

A BILL

To amend title 38, United States Code, with respect to the Montgomery G.I. Bill, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DETERMINATION OF DELIMITING PERIOD.

(a) MINIMUM REQUIREMENT FOR ACTIVE DUTY SERVICE.—(1) Section 1431(a) of title 38, United States Code, is amended—

(A) by striking out "active duty," in the material preceding clause (1) and inserting in lieu thereof " active duty of at least 90 days of continuous service,";

(B) by inserting "such" before "active duty" in clauses (1) and (2).

(2) Section 1632(a)(1) of such title is amended by inserting "of at least 90 days of continuous service" before the period.

(3) Section 1662(a)(1) of such title is amended by inserting "of at least 90 days of continuous service" before "after January".

(b) SPECIAL RULE.—Section 1431(e) of such title is amended—

(1) by striking out "(e) In" and inserting in lieu thereof "(e)(1) Except as provided in paragraph (2), in"; and

(2) by adding at the end the following:

"(2) In the case of an individual to which paragraph (1) is applicable and who is described in section 1652(a)(1)(B), the 10-year period prescribed in subsection (a) of this section shall not be reduced by any period in 1977 before the individual began serving on active duty.".

SEC. 2. PROGRAM OF EDUCATION UNDER MONTGOMERY G.I. BILL SELECTED RESERVE PROGRAM.

(a) IN GENERAL.—Section 2131(c)(1) of title 10, United States Code, is amended to read as follows:

"(c)(1) Educational assistance may only be provided under this chapter for pursuit of a program of education that

is an approved program of education for purposes of chapter 30 of title 38.".

(b) AMOUNT OF ASSISTANCE.—Section 2131 of such title is amended—

(1) in subsection (b)—

(A) by striking out "Each" and inserting in lieu thereof "Except as provided in subsections (d) through (f), each";

(B) by inserting ", through the Secretary of Veterans Affairs," after "Secretary concerned"; and

(C) by striking out "and educational" and inserting in lieu thereof "of an educational"; and

(2) by adding at the end the following:

"(d)(1) Except as provided in paragraph (2), the amount of the monthly educational assistance allowance payable to an individual pursuing a full-time program of apprenticeship or other on-the-job training under this chapter is—

"(A) for each of the first six months of the individual's pursuit of such program, 75 percent of the monthly educational assistance allowance otherwise payable to such individual under this chapter;

"(B) for each of the second six months of the individual's pursuit of such program, 55 percent of such monthly educational assistance allowance; and

"(C) for each of the months following the first 12 months of the individual's pursuit of such program, 35 percent of such monthly educational assistance allowance.

"(2) In any month in which any individual pursuing a program of education consisting of a program of apprenticeship or other on-the-job training fails to complete 120 hours of training, the amount of the monthly educational assistance allowance payable under this chapter to the individual shall be limited to the same proportion of the applicable full-time rate as the number of hours worked during such month, rounded to the nearest 8 hours, bears to 120 hours.

"(3)(A) For each month that such an individual is paid a monthly educational assistance allowance under this chapter, the individual's entitlement under this chapter shall be charged at the rate of—

"(i) 75 percent of a month in the case of payments made in accordance with paragraph (1)(A) of this subsection;

"(ii) 55 percent of a month in the case of payments made in accordance with paragraph (1)(B) of this subsection; and

"(iii) 35 percent of a month in the case of payments made in accordance with paragraph (1)(C) of this subsection.

"(B) Any such charge to the entitlement shall be reduced proportionately in accordance with the reduction in payment under paragraph (2) of this subsection.

"(e)(1) The amount of the monthly educational assistance allowance payable to an individual pursuing a cooperative program under this chapter shall be 80 percent of the monthly allowance otherwise payable to such individual under this chapter.

"(2) For each month that an individual is paid a monthly educational assistance allowance for pursuit of a cooperative program under this chapter, the individual's entitlement under this chapter shall be charged at the rate of 80 percent of a month.

"(f)(1)(A) The amount of the educational assistance allowance payable under this chapter to an individual who enters into an agreement to pursue, and is pursuing, a program of education exclusively by correspondence is an amount equal to 55 percent of the established charge which the institution requires nonveterans to pay for the course or courses pursued by such individual.

"(B) For purposes of subparagraph (A) of paragraph (1) of this subsection, the term 'established charge' means the lesser of—

"(i) the charge for the course or courses determined on the basis of the lowest extended time pay-

ment plan offered by the institution and approved by the appropriate State approving agency; or

"(ii) the actual charge to the individual for such course or courses.

"(C) Such allowance shall be paid quarterly on a pro rata basis for the lessons completed by the individual and serviced by the institution.

"(2) In each case in which the amount of educational assistance is determined under paragraph (1) of this subsection, the period of entitlement of the individual concerned shall be charged with one month for each $140 which is paid to the individual as an educational assistance allowance.".

(c) CONFORMING AMENDMENTS.—Section 2136(b) of such title is amended—

(1) by striking out the first sentence and inserting in lieu thereof the following: "Except as otherwise provided in this chapter, the provisions of sections 1434(b), 1663, 1670, 1671, 1673, 1674, 1676, 1682(g), and 1683 of title 38 and the provisions of subchapters I and II of chapter 36 of such title (with the exception of sections 1780(c), 1780(g) 1786(a), 1787, and 1792) shall be applicable to the provision of educational assistance under this chapter."; and

(2) by striking out ", as used"in the second sentence and inserting in lieu thereof "and the term 'an individual', as used".

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective on October 1, 1989.

SEC. 3. PROHIBITION ON RECEIVING CREDIT UNDER TWO PROGRAMS.

Section 1621 of title 38, United States Code, is amended by adding at the end the following:

"(f) An individual who serves in the Selected Reserve may not receive credit for such service under both the program established by this chapter and the program established by chapter 106 of title 10 but shall elect (in such form and manner as the Secretary of Veterans Affairs may prescribe) the program to which such service is to be credited.".

SEC. 4. SECONDARY SCHOOL REQUIREMENTS.

(a) IN GENERAL.—Section 1411(a)(2) of title 38, United States Code, is amended—

(1) by inserting "(i)" after "except that"; and

(2) by inserting before "; and" at the end the following: ", and (ii) an individual described in clause (1)(A) of this subsection may meet such requirement by having successfully completed the equivalent of such 12 semester hours before the end of the individual's initial obligated period of active duty".

(b) CONFORMING AMENDMENT.—Section 1412(a)(2) of such title is amended

(1) by inserting "(i)" after "except that"; and

(2) by inserting before "; and" at the end the following: ", and (ii) an individual described in clause (1)(A) of this subsection may meet such requirement by having successfully completed the equivalent of such 12 semester hours before the end of the individual's initial obligated period of active duty".

SEC. 5. VIETNAM-ERA GI BILL ELIGIBILITY FOR CERTAIN SERVICE ACADEMY GRADUATES.

(a) IN GENERAL.—Section 1652(a) of title 38, United States Code, is amended—

(1) in paragraph (1)—

(A) by striking out "or" at the end of clause (B);

(B) by striking out the period at the end of clause (C) and inserting in lieu thereof "; or"; and

(C) by adding at the end the following:

"(D)(i) before January 1, 1977, commenced the third academic year as a cadet or midshipman at one of the service academies or the third academic year as a member of the Senior Reserve Officer Training Corps in a program of educational assistance under section 2104 or 2107 of title 10 if the individual (I) served on

active duty for a period of more than 180 days pursuant to an appointment as a commissioned officer received upon graduation from one of the service academies or upon satisfactory completion of advanced training (as defined in section 2101 of title 10) as a member of the Senior Reserve Officers' Training Corps, respectively, and (II) was discharged or released from such period of active duty under conditions other than dishonorable, and (ii) before January 1, 1990, submits to the Secretary of Veterans Affairs, in such form and manner as such Secretary may prescribe, an irrevocable election to be eligible after the date of such election for assistance under this chapter and, if enrolled under the chapter 32 program of educational assistance under this title at the time of such election, to be disenrolled from such program at that time."; and

(2) by adding at the end the following:

"(4) For the purposes of this subsection, the term 'service academies' means the United States Military Academy, the United States Naval Academy, the United States Air Force Academy, and the United States Coast Guard Academy.".

(b) CONFORMING AMENDMENT.—Section 1652(a)(2) of such title is amended by striking out "or (B)" and inserting in lieu thereof ", (B), or (D)".

(c) DISENROLLMENT FROM CHAPTER 32 PROGRAM AND REFUNDS OF CONTRIBUTIONS.—Upon receipt of an election under clause (D)(ii) of section 1652(a)(1) of title 38, United States Code (as added by subsection (a)(1) of this section), the Secretary of Veterans Affairs shall—

(1)(A) not later than 60 days after receiving such an election, refund to the individual concerned the amount, if any, of the individual's unused contributions to the Post-Vietnam Era Veterans Education Account (hereafter in this subsection referred to as the "VEAP Account"), and

(B) if the individual has received educational assistance under chapter 32 of such title for the pursuit of a program of education, pay to the individual (out of funds available for the payment of educational assistance under chapter 34 of such title) an amount equal to the amount by which the amount of the educational assistance that the individual would have received under chapter 34 of such title for the pursuit of such program exceeds the amount of the educational assistance that the individual received under such chapter 32 for the pursuit of such program; and

(2) refund to the Secretary of Defense the amount contributed by such Secretary to the VEAP Account on behalf of such individual remaining in the Account.

(d) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall take effect as of January 1, 1977.

SEC. 6. RATES OF REHABILITATION SUBSISTENCE ALLOWANCES FOR VETERANS WITH SERVICE-CONNECTED DISABILITIES.

The table contained in section 1508(b) of title 38, United States Code, is amended to read as follows:

Column I	Column II	Column III	Column IV	Column V
Type of program	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two
Institutional Training:				
Full-time	$326	$403	$475	$35
Three-quarter time	$245	$302	$356	$26
Half-time	$163	$202	$238	$18
Farm cooperative, apprentice, or other on-job training:				
Full-time	$285	$343	$396	$25
Extended evaluation:				
Full-time	$326	$403	$475	$35
Independent living training:				
Full-time	$326	$403	$475	$35
Three-quarter time	$245	$302	$356	$26
Half-time	$163	$202	$238	$18".

SEC. 7. RATES OF EDUCATIONAL ASSISTANCE FOR SURVIVORS AND DEPENDENTS.

(a) IN GENERAL.—Chapter 35 of title 38, United States Code, is amended—

(1) in section 1732(a)(1), by striking out "computed" and all that follows through the end of the paragraph and inserting in lieu thereof "paid at the monthly rate of $395 for full-time, $296 for three-quarter-time, or $197 for half-time pursuit."; and

(2) in section 1732(a)(2), by striking out "on less than a half-time basis" and all that follows through the end of the paragraph and inserting in lieu thereof "consisting of institutional courses on a basis other than as described in paragraph (1) of this subsection shall be the lesser of—

"(A) $197 per month for less than half-time but more than quarter-time pursuit or $99 per month for quarter-time pursuit, as applicable, or

"(B) the established charges for tuition and fees that the educational institution involved requires similarly circumstanced nonveterans enrolled in the same program to pay.";

(3) in section 1732(b), by striking out "$304" and inserting in lieu thereof "$319";

(4) in section 1732(c)(2), by striking out "computed" and all that follows through the end of the paragraph and inserting in lieu thereof "$319 for full-time, $239 for three-quarter-time, and $160 for half-time pursuit.";

(5) by amending section 1732(c)(3) to read as follows:

"(3) The monthly educational assistance allowance to be paid on behalf of an eligible person pursuing an independent study program which leads to a standard college degree shall be computed at the rate provided in subsection (a)(2) of this section for less than half-time but more than quarter-time pursuit. If the entire training is to be pursued by independent study, the amount of the eligible person's entitlement to educational assistance under this chapter shall be charged in accordance with the rate at which such person is pursuing the independent study program but at not more than the rate at which such entitlement is charged for pursuit of such program on less than a half-time basis. In any case in which independent study is combined with resident training, the educational assistance allowance shall be paid at the applicable institutional rate based on the total training time determined by adding the number of semester hours (or the equivalent thereof) of resident training to the number of semester hours (or the equivalent thereof) of independent study that do not exceed the number of semester hours (or the equivalent thereof) required for the less than half-time institutional rate, as determined by the Secretary of Veterans Affairs, for resident training. An eligible person's entitlement shall be charged for a combination of independent study and resident

training on the basis of the applicable monthly training time rate as determined under section 1788 of this title.";

(6) in section 1732(c)(4), by striking out "section 1682(e) of this title" and inserting in lieu thereof "paragraph (3) of this subsection";

(7) in section 1732(e), by inserting before the period the following: ", except that the references therein to the monthly educational assistance allowance prescribed for a veteran with no dependents shall be deemed to refer to the applicable allowance payable to an eligible person under corresponding provisions of this chapter or chapter 36 of this title, as determined by the Secretary of Veterans Affairs";

(8) in section 1733(a)(1), by striking out "benefits" and all that follows through the end of the paragraph and inserting in lieu thereof "assistance provided an eligible veteran under section 1691(a) (if pursued in a State) of this title and be paid an educational assistance allowance therefor in the manner prescribed by section 1691(b) of this title, except that the corresponding rate provisions of this chapter shall apply, as determined by the Secretary of Veterans Affairs, to such pursuit by an eligible person.".

(9) in section 1734(b), by striking out "1786 of this title" and inserting in lieu thereof "1786 (other

than subsection (a)(2)) of this title and the period of such spouse's entitlement shall be charged with one month for each $395 which is paid to the spouse as an educational assistance allowance for such course"; and

(10) in section 1742, by striking out "$376", "$119" (each place it appears), and "$12.58" and inserting in lieu thereof "$395", "$125", and "$13.17", respectively.

(b) APPRENTICESHIP.—Section 1787(b)(2) of such title is amended by striking out "computed" and all that follows through the end of the paragraph and inserting in lieu thereof "$288 for the first six months, $215 for the second six months, $143 for the third six months, and $71 for the fourth and any succeeding six-month periods of training.".

(c) EFFECTIVE DATE.—The amendments made by this section and section 6 shall take effect on January 1, 1990.

SEC. 8. CERTAIN STATE AGENCY EXPENSES.

(a) IN GENERAL.—Section 1774(a) of title 38, United States Code, is amended—

(1) in paragraph (2)(A), by striking out "section and for" and inserting in lieu thereof "section, for expenses incurred in carrying out activities in connection with section 1774A of this title, and for"; and

(2) in paragraph (2)(C), by inserting before the period the following: "and the amount of expenses in-

curred in carrying out activities in connection with section 1774A of this title for such period".

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective on October 1, 1989.

SEC. 9. TECHNICAL AMENDMENTS.

(a) IN GENERAL.—Title 38, United States Code, is amended as follows:

(1)(A) Section 1412(a)(1) is amended—

(i) in clause (A)(ii), by striking out "and after completion" and inserting in lieu thereof "and beginning within one year after completion"; and

(ii) in clause (B)(ii), by striking out "and after completion" and inserting in lieu thereof "and beginning within one year after completion".

(B) Section 1412(b)(2) is amended by striking out "Continuity of service of" and inserting in lieu thereof "After an individual begins service in the Selected Reserve within one year after completion of the service described in clause (A)(i) or (B)(i) of subsection (a)(1), the continuity of service of such individual as".

(2) Section 1413 is amended—

(A) in subsections (a)(2) and (b), by striking out "subsection (c)" and inserting in lieu thereof "subsection (d)";

(B) in subsection (a)(2), by striking out "1411(a)(1)(B)(ii)(I)" the second place it occurs and inserting in lieu thereof "1411(a)(1)(A)(ii)(I)"; and

(C) in subsection (c)—

(i) by striking out "paragraph (2)" in paragraph (1) and inserting in lieu thereof "paragraphs (2) and (3)"; and

(ii) by adding at the end of such subsection the following:

"(3) Subject to section 1795 of this title and subsection (d) of this section, an individual described in clause (B) or (C)(ii) of section 1418(b)(3) of this title (other than an individual described in paragraph (2) of this subsection) is entitled to the number of months of educational assistance under this chapter that is equal to the number of months the individual has served on continuous active duty after June 30, 1985.".

(3) Section 1433(b) is amended by striking out "section 902 of the Department of Defense Authorization Act, 1981 (10 U.S.C. 2141 note)," and inserting in lieu thereof "chapter 109 of title 10".

(4)(A) Section 1434(a)(3) is amended by striking out "employment)" and inserting in lieu thereof "employment during and since the period of such veteran's active military service)".

(B) Section 1641(a)(2) is amended by striking out "employment)" and inserting in lieu thereof "employment during and since the period of such veteran's active military service)".

(5)(A) Section 1781(b) is amended by adding at the end the following:

"(5) The Omnibus Diplomatic Security and Antiterrorism Act of 1986 (Public Law 99–399).".

(B) Section 1795(a) is amended by adding at the end the following:

"(8) The Omnibus Diplomatic Security and Antiterrorism Act of 1986 (Public Law 99–399).".

(b) EFFECTIVE DATES.—The amendments made by—

(1) paragraph (1) of subsection (a) shall take effect as of October 19, 1984;

(2) paragraphs (2) and (4) of subsection (a) shall take effect as of November 18, 1988;

(3) paragraph (3) of subsection (a) shall take effect as of November 8, 1985; and

(4) paragraph (5) of subsection (a) shall take effect as of August 27, 1986.

TESTIMONY OF THE HONORABLE ROBERT K. DORNAN
BEFORE THE HOUSE VETERANS' AFFAIRS COMMITTEE
ON H.R. 1358

Mr. Chairman, thank you for the opportunity to testify before your Committee this morning on behalf of Section five of H.R. 1358. This section restores educational benefits under the Vietnam Era GI Bill to 1977 and 1978 service academy graduates and 1978 ROTC graduates. These veterans made binding active duty commitments while the Vietnam Era G.I. Bill was being offered as an inducement to active service. Due to an oversight, the 1976 repealing legislation failed to grandfather these service members along with the other "delayed entry" service members. In the historic 100th Congress, I introduced H.R. 3485 to correct this inequity.

I would like to take a moment and reiterate the necessity of this particular legislation. Members of the service academy classes of 1977 and 1978 were retroactivley excluded from Vietnam Era G.I. Bill eligibility through inadvertence -- even though they had committed to seven years of active duty prior to the December 31, 1976 cutoff date.

When this situation was brought to my attention in 1987, I was astonished that such an obvious oversight had not yet been corrected. As a result, I authored H.R. 3485 which had more than 50 of our colleagues for co-sponsors and enjoyed the active support of the major Veterans organizations.

It is important to note that the Academy graduates have always been considered eligible for veterans' educational benefits. It is not the time served at the academies that qualified the graduates for the G.I Bill, but rather the active duty performed following graduation.

Although academy cadets and midshipmen incur their active duty obligation when they commence their third academic year, our colleagues in 1976 failed to address the issue of academy service members who had already obligated themselves to active duty upon graduation. The 1976 legislation simply does not refer to service academy cadets and midshipmen. Given the obligation incurred by enrolling in their third academic year, these cadets and midshipmen should have been included in the "grandfather clause" of the 1976 law.

It was the clear intent of the 94th Congress that all those who signed contracts prior to December 31, 1976 with the expectation of the G.I. Bill were to be covered by those benefits. This intent was spelled out most clearly by the then Chairman of the House Veterans' Subcommittee on Educational Benefits, Olin Teague, who stated during Floor debate that:

> Nobody in the service today is affected. it only affects those going in the first of January or thereafter. If a conflict develops,....Congress would immediately pass another bill.

The definition of "active duty" for purposes of educational benefits was thus expanded to include anyone who had committed to active duty prior to the December 31st deadline, although actual service did not begin until after that date.

In short, the Classes of 1977 and 1978 deserve the entire package of benefits that were offered at the time they made their commitments to serve their country. The current inequity is highlighted by the fact that others in similar situations, such as 1977 ROTC graduates, delayed entry participants, and even 1977 and 1978 academy classmates who attended a service academy prep school are now eligible for those benefits.

It was unfortunate that there was insufficient time last Congress to fully address the issue of these deserving veterans. The Senate passed, S. 2383, which was similar to the House passed H.R. 3045, but contained a number of minor differences. The most contentious difference would have required proof of participation in the Veterans' Educational Assistance Program (VEAP) in order to receive eligibility. While many academy graduates took advantage of VEAP, whereby service members invested up to to $2,700 in order to recoup two-for-one educational benefits when they attended school later on, quite a few simply could not afford this cash investment. Others, on advice of counsel, did not sign up for VEAP in fear that this would compromise any future claim to G.I. Bill eligibility.

Mr. Chairman, since the intent of Congress was clearly to protect the existing benefits of those in or committed to the Armed Services as of December 31, 1976, the academy classes of 1977 and 1978 should clearly be included. I wholeheartedly endorse H.R. 1358 and commend you and your staff on your steadfast support of my effort to rectify the inadvertent and unfortunate inequity to this small number of deserving veterans.

Once again, Mr. Chairman, thank you for the privilege to express my views.

STATEMENT OF

R. J. VOGEL

CHIEF BENEFITS DIRECTOR

DEPARTMENT OF VETERANS AFFAIRS

BEFORE THE

SUBCOMMITTEE ON EDUCATION, TRAINING

AND EMPLOYMENT

April 6, 1989

Mr. Chairman and members of the Subcommittee:

Thank you for the opportunity to appear before this Subcommittee to provide our views on H.R. 1358, a bill "To amend title 38, United States Code, with respect to the Montgomery G.I. Bill, and for other purposes."

Mr. Chairman, this measure proposes amendments affecting the various education benefit programs for eligible veterans and other eligible persons administered by the Department of Veterans Affairs (VA), as well as our chapter 31 vocational rehabilitation program. While the VA agrees with several of these amendments, we do not support other provisions of H.R. 1358 in its present form.

Section 1 of the bill would provide that the 10-year delimiting period for using education benefits under chapters 30, 32, and 34 of title 38, United States Code, would commence from the date of last discharge from active duty of at least 90 continuous days.

Under current law, an individual's basic eligibility to use VA educational assistance benefits expires at the end of the 10-year period beginning on the date of such individual's last discharge or release from active duty. This clearly was intended to accommodate an individual who, for example, due to recall, reenlistment, or extension, serves a regular, full-time active

duty tour beyond the individual's initial obligated period. It assures that such individual's benefits and right to use them are not diminished as a result of remaining on or reentering active duty. Thus, the individual retains the full 10-year opportunity to use his or her earned readjustment benefits.

Unfortunately, some persons have taken advantage of the breadth of the existing statutory delimiting date language to receive more than one full 10-year eligibility period. We note, for example, an instance in which a reservist, following expiration of his original delimiting period, voluntarily served on Active Duty in AGR status for brief periods (e.g., week-ends) and claimed a new 10-year delimiting period based on his last discharge from such service. The plain language of the statute permitted this, though we believe that Congress surely could not have intended such a result.

Certainly, a more substantial period of service would be necessary to cause the type of disruption to civilian life which would merit a new, full eligibility period, consistent with the law's readjustment purposes. Accordingly, the VA agrees with the intent of this proposal to require that the last discharge or release referenced be from a period of active duty of at least 90 continuous days.

We note that, as drafted, section 1 inadvertently would subject a veteran's initial qualifying period of active duty to the 90-day minimum service requirement. We suggest that the language of this section be revised to limit application of that requirement to only such active duty period as may be served subsequent to completion of the individual's initial qualifying active duty period. With such change, we would support this amendment.

Section 2 of this measure would provide that individuals eligible for benefits under chapter 106 of title 10, the Montgomery GI Bill-Selected Reserve, may pursue the same types of programs as those approved for chapter 30 of title 38, the Montgomery GI Bill-Active Duty. The VA defers to the views of the Department of Defense, which has jurisdiction over the chapter 106 program, with regard to this section of H.R. 1358.

Section 3 would bar receipt of benefits for chapter 32 of title 38 and chapter 106 of title 10 based on the same period of service. We note that this provision is similar to the prohibition in existing law against an individual's acquiring entitlement both to chapter 30 and chapter 106 education benefits based on the same period of military service. We believe it was merely an oversight to permit the chapter 32/chapter 106 entitlement duplication, and support this proposed correction as reflecting an appropriate and uniform legislative policy in this area.

With regard to section 4 of this measure, we note that Public Law 100-689, enacted last November, made some changes to the chapter 30 secondary school diploma requirement, among which was that those chapter 30 participants whose entitlement is based in part on chapter 34 eligibility could, as an alternative to meeting that requirement, successfully complete the equivalent of 12 semester hours in a program of education leading to a standard college degree. Section 4 of the pending measure would permit those chapter 30 participants who first entered active duty after June 30, 1985, to meet their secondary school diploma requirements in a similar manner if the degree credits are earned before completion of the individual's initial obligated period of active duty. We have no objection to this change which gives greater uniformity to these eligibility requirements.

Section 5 would extend eligibility for noncontributory GI Bill (chapter 34) education benefits to an individual who had commenced his or her third academic year either as a cadet or midshipman at one of the service academies or as a member of the Senior Reserve Officer Training Corps (SROTC) in a program of educational assistance under section 2104 or 2107 of title 10, United States Code, retroactive to January 1, 1977. The individual must have been separated after a period of at least 180 days active duty served pursuant to receiving a commission following service academy graduation or completion of advanced SROTC under other than dishonorable conditions.

The VA does not support this provision. Although we recognize that an inequity has existed between those 1977 service academy graduates who were barred from receiving chapter 34 education benefits and those members of the SROTC who received a full scholarship and yet qualified for the noncontributory GI Bill, we do not believe it is appropriate now to amend the basic eligibility requirements for a program which expires at the end of this year. Furthermore, the current Montgomery GI Bill program has set a precedent by precluding service academy graduates from receiving additional educational benefits altogether. For these reasons, we do not support the retroactive expansion of chapter 34 benefits.

Sections 6 and 7 of H.R. 1358 would increase by 5 percent both the rates of subsistence allowances for service-connected disabled veterans participating in rehabilitation programs under chapter 31 of title 38, and of educational assistance allowances for survivors' and dependents' under chapter 35 of title 38, respectively. The increases would be effective January 1, 1990.

We support the proposed rate increase for these benefits in the context of the overall budget negotiations. These allowances were

last increased in 1984, and since then education costs have risen an average of 6 to 7 percent a year. We estimate the increased benefits would cost $5.2 million in FY 1990.

Section 8 of the proposal would amend section 1774(a) of title 38 to provide for the use of readjustment benefit account funds to carry out activities in connection with State approving agencies pursuant to section 1774A of that title. This would include, but not be limited to, the development and implementation of a national training curriculum for State approving agency employees.

We note the proposal does not limit VA payment to the "reasonable and necessary" expenses of carrying out the provisions of section 1774A. Subject to the inclusion of such qualifying language, we would support this proposal. It would help ensure that State employees would receive appropriate training to develop their employment skills, an intent clearly evinced by Congress in enacting the Public Law 100-323 provision for establishing a national training program. This amendment would clarify our authority to use readjustment benefit funds for the purposes intended.

Section 9 would make various technical and clerical amendments. We believe that these would improve administration of our education programs and, therefore, with the one exception noted below, support such amendments.

Subsection 9(a)(1) of the bill would amend section 1412 of chapter 30 to provide that a "2 x 4" participant under that chapter would have 1 year following separation from the requisite active duty period within which to start the 4-year continuous Selected Reserve service portion of the program. We suggest that this provision needs to clarify that individuals must enter a Selective Reserve unit within such 1-year period, not merely contract to do so. With such clarification, the VA would support this amendment.

Mr. Chairman, this concludes my testimony. I will be pleased to respond to any questions you or members of the Subcommittee may have.

STATEMENT OF

THE DEPUTY ASSISTANT SECRETARY OF DEFENSE

FOR RESERVE AFFAIRS

ALBERT V. CONTE

Thank you for inviting me to appear to offer testimony on the proposed amendments to the Montgomery GI Bill as enumerated in H.R. 1358. Mr. Duncan, the Assistant Secretary of Defense for Reserve Affairs, has asked me to convey his sincere regret that he can not be here today. He appreciates every opportunity to address the Members on matters affecting the Reserve components, but he is appearing before another Committee of the Congress today.

Of the eight sections in H.R.1358, all but Section 2 are supported by the Department of Defense. It is to Section 2, that I will address the majority of my prepared comments today. In order to place the proposed amendments to the Montgomery GI Bill for the Reserves in proper prospective, I want to take a few seconds to outline the program as it exists today.

The Montgomery GI Bill for the Reserve components is, of course, a non-contributory, general entitlement program. The present statute provides that Reserve officer and enlisted personnel who are "credentialed" high school graduates (i.e., who possess a secondary school diploma or an equivalency certificate) become eligible for education benefits after completing initial active duty for training. Participants are required to enlist or to agree to serve in the Selected Reserve for a period of at least six years. Those who continue their service in the

Selected Reserve have up to ten years within which to use the full entitlement. Benefits are payable for as long as 36 months of education at the rate of $140 per month for full-time study, $105 for three-quarter time study, $70 per month for half-time study, and $35 per month for less than half-time study. Studies which are funded under the program must be taken at an institution of higher learning, and lead to the award of a standard associate or baccalaureate college degree.

The Montgomery GI Bill has been well-received by members of the Selected Reserve. Since the program's inception in July, 1985, 126,144 reservists had applied for participation in the program, with approximately 96,000 reservists currently drawing benefits. The table below reflects the participation rates of the Reserve components by fiscal year through February 1989.

4

Table 1

Montgomery GI Bill-Selected Reserve

Applicants by Component by Fiscal Year

Reserve Component	FY 1985[1]	FY 1987	FY 1988	FY 1989[2]	Total[3]
Department of Defense	1,653	31,927	44,636	17,017	126,144
Army National Guard	(727)	12,090	16,673	6,581	49,778
Army Reserve	(331)	7,983	12,479	4,624	31,715
Naval Reserve	(132)	3,472	5,094	1,769	12,902
Marine Corps Reserve	(50)	2,017	3,494	1,717	8,130
Air National Guard	(281)	3,996	3,697	1,111	14,336
Air Force Reserve	(116)	2,078	2,841	1,066	8,280
Coast Guard Reserve	(16)	281	358	149	1,003

[1] Individual Reserve component figures were not determined for FY 1985. However, to prevent distortion of the FY 1986 and later figures, the 1,653 applications in FY 1985 have been allocated to each Reserve component according to its proportion of applications in FY 1986.

[2] October 1, 1988 through February 2, 1989.

[3] Totals do not calculate horizontally, due to deletion of FY 1986 data.

The MGIB-R has been a valuable recruiting and retention incentive from its inception. Each of the Services have reported significant increases in the number of first-term enlistees who contract for longer initial terms of service specifically to qualify for the MGIB. The Services have also reported successes in achieving (or exceeding) their first term reenlistment objectives each year since 1985.

Table 2

Reserve Enlisted Retention Rates

First-Term Enlistees

	FY84	FY85	FY86	FY87	FY88
Army National Guard	57	85	83	80	76%
Army Reserve	66	50	66	65	60%
Naval Reserve	89	88	81	80	80%
Marine Corps Reserve			71	75	77%
Air National Guard	75	91	90	76	73%
Air Force Reserve	88	78	81	81	87%

The first-term reenlistment objectives for the Reserve components have steadily increased since 1980, by approximately 20 percent. For example, the USAR retention objective in 1980 was 50 percent, and is 65 percent for 1989.

- Historical data on attrition and reenlistment is insufficient to predict definitive trends, up or down.
- The Services do not compute reenlistment rates in a like manner.
- High attrition rates produce high reenlistment/extension rates and low attrition rates will produce low reenlistment/extension rates.
- It is more accurate to say that there was a "bulge" in reenlistments in FY85 and FY86 (due to the start-up of the MGIB) than to say that there is a down-turn in retention rates.

On the first of March, 1989, in testimony before the House Armed Services Subcommittee on Military Personnel and Compensation, the Chiefs of the Reserve components stated that their respective Services were doing extremely well in meeting enlisted end strength under the current incentive structure. The Army representatives pointed out that while the Active Components

are having recruiting problems, those problems have not yet hit the Army Reserve, which was at that time operating in excess of its authorized strength, and could not even bring anymore people into the program.

The proposed legislation would expand educational benefits for members of the Selected Reserve to include vocational school, graduate school, correspondence studies, cooperative and on-the-job training. It is in our national interest to recruit and to retain the best educated and best trained individuals who are reasonably available. It is also clear that educational opportunities in the Services contribute to our success in recruiting and retention. We do not believe, however, that the impact of these expanded benefits would justify or merit the added program costs at this time, especially in view of the severe budgetary constraints within which the Department of Defense is currently operating.

On February 1, 1989, the Assistant Secretary of Defense for Reserve Affairs submitted a special report to Congress which outlined the estimated costs and additional participation of an expanded MGIB. We estimated that vocational training and graduate school alone would cost the Services an aggregate of $166.5 million the first year, and $81.3 million each year thereafter.

7

Table 3

Montgomery GI Bill-Selected Reserve

Estimate of FIRST YEAR Normal Cost Contribution

by Component and Educational Program

Reserve Component	Grad School	Votech	Total FIRST YEAR Normal Cost Contribution
Army National Guard	$23,670,963	$41,403,703	$65,074,665
Army Reserve	36,158,107	11,273,188	47,431,295
Naval Reserve	19,899,993	4,562,897	24,462,890
Marine Corps Reserve	3,435,828	1,556,549	4,992,377
Air National Guard	7,381,828	3,381,21[illegible]	10,763,039
Air Force Reserve	11,556,196	2,132,497	13,688,693
Total	$102,284,140	$64,310,045	$166,412,960

Table 4

Montgomery GI Bill-Selected Reserve

Estimate of Normal Cost Contribution,

Per Year (steady state), by Component

Reserve Component	Graduate	Votech	Total Normal Cost Contribution
Army National Guard	11,510,986	20,134,265	31,645,252
Army Reserve	17,583,377	5,482,054	23,065,431
Naval Reserve	9,677,196	2,218,898	11,896,093
Marine Corps Reserve	1,670,813	756,936	2,427,749
Air National Guard	3,911,441	1,644,254	5,555,695
Air Force Reserve	5,619,679	1,037,015	6,656,694
Total	$50,061,620	$31,273,422	$81,246,914

The return on that investment, in terms of actually persuading additional high quality young men and women to enlist, is unclear. All of the analysis to date has been directed toward a determination of how many additional Reservists (already enlisted and drilling satisfactorily) would apply for the MGIB if the benefits were expanded to include vocational and graduate training. We know that enlistees interested in the current MGIB sign for longer terms of initial service. But, we are unaware of any empirical evidence that demonstrates that an expanded MGIB would result in a greater number of enlistments than are being produced by the current MGIB.

The Department of Defense, generally, and the Assistant Secretary of Reserve Affairs in particular, are strong supporters of professional education for Reserve forces. Vocational training could be helpful, for example, if it was targeted specifically at shortages in critical individual military skills. But, we are unaware of any evidence that demonstrates that individual or unit readiness would be measurably improved as a result of offering general vocational training to every Selected Reservist. The relationship between military skills that contribute to unit readiness and graduate degrees (according to the VA, a postgraduate business degree is the degree most frequently pursued by Reserve graduate students), is even more tenuous. Consequently, the potential benefits of providing

vocational training or graduate education to Selected Reservists generally, must be measured against the substantial costs that would be required, at a time when our very limited resources must be directed at a broad range of critical needs.

Simply stated, it is the primary purpose of the Montgomery GI Bill to provide bright, ambitious young men and women with sufficient incentive to join a Reserve component and to serve with honor. The success of the Reserve recruiting effort over the past 5 years indicates that the bonus and incentive program, as structured, is a valuable and worthwhile incentive. Additional incentive programs should be responsive to a demonstrable need to improve recruiting and retention, as well as unit and individual readiness.

Undoubtedly, some external benefits accrue as the result of a more highly educated Reserve force. However, in today's austere fiscal environment, external benefits should not be placed ahead of more critically important programs. The unprogrammed costs for graduate school and vocational training are estimated at $102.3 and $64.3 million, respectively, for the first year. This is in addition to the FY 1990 budget request for $124 million for all Service Reserve education programs. If these benefits are enacted in the absence of additional appropriations by the Congress, it is most likely that other, much more critical, mission related programs will have to be reduced to provide the funding. It is difficult, therefor, to

rgue strongly for an expanded general education entitlement, hen limited resources are available for critically important, eadiness enhancing, military skills training.

Mister Chairman, this completes my prepared Statement. I thank you once again for the opportunity to appear before the Subcommittee.

A Report to the Congress

on

Expanding The Montgomery GI Bill–Selected Reserve to Include Graduate School and Vocational Training

Office of the Assistant Secretary of Defense

for Reserve Affairs

February 1989

A Report to the Congress on a proposal (H.R. 4213) to expand the program of education available to members of the Selected Reserves, to include graduate school and vocational training.

Introduction

This report is submitted in response to the requirement in the Committee on Armed Services Report, September 9, 1988, titled, Montgomery GI Bill Amendments of 1988. The Secretary of Defense was therein directed to submit to the Committees on Armed Services of the Senate and House of Representatives, not later than February 1, 1989, a comprehensive report on the proposed Selected Reserve GI Bill benefit enhancements, including a detailed cost breakdown for each element by Reserve component.

Background

On March 22, 1988, Congressman Dowdy of Mississippi introduced in the Congress, House of Representatives Bill 4213, referred to as the "Montgomery GI Bill Amendments of 1988". The purpose of the bill was to make certain changes in the entitlements of the Montgomery GI Bill (MGIB) for both the Active and Reserve components. Relevant to the Reserve Montgomery GI Bill (MGIB) program, was the proposal to make the Selected Reserve educational benefits (chapter 106, title 10, U.S. Code) the same as those approved for active duty GI Bill participants (chapter 30, title 38, U.S. Code). Specifically, that portion of the bill would have provided educational benefits for graduate school and vocational training for members of the Selected Reserve.

On September 9, 1988, the Montgomery GI Bill Amendments Act of 1988 was reported out from the House Committee on Armed Services. The committee stated it's belief that expansion of Reserve education benefits has merit, however, it also expressed some concern about conflicting information on the cost of these additional benefits during FY 1989. The committee report further stated that, given the uncertainty and potentially adverse impact on funding for other Reserve programs so late in the budget process, action on any Selected Reserve GI Bill expanded program of education would be deferred until the fiscal year 1990 budget program cycle.

In order to have the data necessary for review of the Selected Reserve program in 1989, the committee directed the Secretary of Defense to submit to the Committees on Armed Services of the Senate and House of Representative, not later than February 1, 1989, the report contained herein.

Currently, participants in the Selected Reserve MGIB may receive benefits only for undergraduate courses at institutions of higher learning. While this entitlement is less broad than the benefits which have been available to Active duty personnel, in the three years the program has been in existence, it has proven to be a major recruiting and retention incentive. Participation in the program began slowly, but as of September 30, 1988, participation is increasing by 3000-4000 Reservists each month.

Table 1

Montgomery GI Bill-Selected Reserve
Currently Enrolled/Participating
(As of September 30, 1988)

Reserve Component	*Participants	Percentage of Eligibles	Percentage of Component
Department of Defense	109,127	35.4	9.3
Army National Guard	43,197	31.0	9.5
Army Reserve	27,091	47.1	8.7
Naval Reserve	11,113	38.8	7.4
Marine Corps Reserve	6,413	46.7	14.7
Air National Guard	13,215	32.3	11.5
Air Force Reserve	7,214	26.5	8.8

*Source: VA Reserve MGIB Benefit Master File

Education benefits are important to Reservists at every stage in their reserve careers. For example, in a 1986 Reserve Component Survey, 57 percent of enlisted Reservists with less than 4 years of service responded that using educational benefits was a major or moderate contributor to their recent decision to remain in the Selected Reserve. The responses of more tenured

officers and enlisted respondents indicates that education beyond the baccalaureate degree is also important to them. Nine percent of the officers and 1½ percent of the enlisted members of the Selected Reserve are now attending graduate school, either at their own expense or under the entitlement of an earlier GI Bill program.

Table 2

Montgomery GI Bill-Selected Reserve
Currently in Graduate School*
(As of September 30, 1988)

Reserve Component	Officer (%)	Enlisted (%)	Total (%)
Department of Defense	15,636 (9.2)	14,337 (1.5)	29,973 (2.6)
Army National Guard	3,592 (7.5)	3,662 (.9)	7,254 (1.6)
Army Reserve	6,023 (10.1)	4,322 (1.7)	10,345 (3.3)
Naval Reserve	3,197 (11.5)	2,591 (2.1)	5,788 (3.9)
Marine Corps Reserve	373 (10.3)	603 (1.5)	976 (2.2)
Air National Guard	1,067 (7.6)	1,301 (1.3)	2,368 (2.0)
Air Force Reserve	1,384 (8.4)	1,858 (2.8)	3,242 (4.0)

*Source: 1986 Reserve Component Survey, and the Reserve Components Common Personnel Data System (RCCPDS). Calculations and assumptions are detailed in Appendix 1.

While vocational training is not an educational entitlement for members of the Selected Reserve, the fact that an estimated 42,399 Reserve officers and enlisted personnel are currently in vocational training programs demonstrates the interest in that type of training. In June 1988, the Veterans Administration reviewed the courses taken by first and second year undergraduates. It found that approximately 6 percent of Montgomery GI Bill-Selected Reserve (MGIB-R) undergraduates are actually taking vocationally oriented courses at 2 and 4 year colleges.

Table 3

Montgomery GI Bill-Selected Reserve
Currently in Vocational/Technical Training*
(As of September 30, 1988)

Reserve Component	Officer (%)	Enlisted (%)	Total (%)
Department of Defense	1,832 (1.1)	40,567 (4.1)	42,399 (3.7)
Army National Guard	822 (1.7)	15,698 (3.9)	16,520 (3.6)
Army Reserve	561 (1.0)	11,753 (4.6)	12,314 (3.9)
Naval Reserve	182 (0.7)	5,657 (3.9)	5,839 (3.9)
Marine Corps Reserve	73 (2.0)	1,769 (4.4)	1,842 (4.2)
Air National Guard	141 (1.0)	3,145 (3.1)	3,285 (2.9)
Air Force Reserve	53 (0.3)	2,545 (3.9)	2,598 (3.2)

*Vocational Training is not an entitlement under chapter 106. Reservists currently attending vocational training are paying their own expenses, or receiving benefits under another GI Bill program.

Source: 1986 Reserve Component Survey, and RCCPDS. Calculations and assumptions are detailed in Appendix 2.

CURRENT ISSUES

The traditional purpose of the GI Bill, which is to assist military veterans in their transition to civilian life, is not relevant to a Reserve force GI Bill, since most Reservists are full-time employees in the civilian job market. The primary function of an education program in the Reserve forces is the significant incentive it provides individuals to join a Reserve component and to remain a satisfactory performer for the duration of their contractual term of service. On the basis of the data in this report and the 1986 Reserve Component Survey, it is estimated that 41,000 officers and enlisted Reservists would participate in graduate school, and 26,000 Reservists would participate in vocational or technical training if those benefits were available.

Table 4

Montgomery GI Bill-Selected Reserve
Additional Participants in MGIB-R if Graduate School is Made an Entitlement*

Reserve Component	Officer	Enlisted	Total
Department of Defense	23,951	17,517	41,468
Army National Guard	5,346	4,189	9,535
Army Reserve	9,344	5,221	14,565
Naval Reserve	4,791	3,225	8,016
Marine Corps Reserve	598	786	1,384
Air National Guard	1,638	1,602	3,240
Air Force Reserve	2,234	2,421	4,655

*Calculations and assumptions are detailed in Appendix 3.
Source: 1986 Reserve Component Survey, and RCCPDS.

Table 5

Montgomery GI Bill-Selected Reserve
Additional Participants in MGIB-R if Vocational/Technical Training is Made an Entitlement

Reserve Component	Officer	Enlisted	Total
Department of Defense	1,705	24,200	25,905
Army National Guard	748	15,930	16,678
Army Reserve	536	4,005	4,541
Naval Reserve	163	1,675	1,838
Marine Corps Reserve	70	557	627
Air National Guard	136	1,226	1,362
Air Force Reserve	52	807	859

*Calculations and assumptions are detailed in Appendix 4.

The additional unprogrammed budget authority required to fund the educational benefits accrual costs are estimated separately for the first year and each year thereafter, and are broken down by component in Tables 6 and 7 below:

Table 6

Montgomery GI Bill-Selected Reserve
Estimate of FIRST YEAR Normal Cost Contribution
by Component and Educational Program

Reserve Component	Grad School	Votech	Total FIRST YEAR Normal Cost Contribution
Army National Guard	$23,670,963	$41,403,703	$65,074,665
Army Reserve	36,158,107	11,273,188	47,431,295
Naval Reserve	19,899,993	4,562,897	24,462,890
Marine Corps Reserve	3,435,828	1,556,549	4,992,377
Air National Guard	7,381,828	3,381,211	10,763,039
Air Force Reserve	11,556,196	2,132,497	13,688,693
Total	$102,284,140	$64,310,045	$166,412,960

Calculations and assumptions are detailed in Appendix 5.

Table 7

Montgomery GI Bill-Selected Reserve
Estimate of Normal Cost Contribution,
Per Year (steady state), by Component

Reserve Component	Graduate	Votech	Total Normal Cost Contribution
Army National Guard	11,510,986	20,134,265	31,645,252
Army Reserve	17,583,377	5,482,054	23,065,431
Naval Reserve	9,677,196	2,218,898	11,896,093
Marine Corps Reserve	1,670,813	756,936	2,427,749
Air National Guard	3,911,441	1,644,254	5,555,695
Air Force Reserve	5,619,679	1,037,015	6,656,694
Total	$50,061,620	$31,273,422	$81,246,914

Calculations and assumptions are detailed in Appendix 6.

It is anticipated that expansion of the educational entitlement as discussed in this report would require an unprogrammed outlay from the Educational Benefits Trust Fund of an additional $90.7 million per year, based upon the steady state of approximately 67,000 students.

Table 8

Montgomery GI Bill-Selected Reserve
Estimated Additional Annual Outlays from
DoD Educational Benefits Fund
($ in millions)

Reserve Component	Graduate	Votech	Total
Department of Defense	$55.7	$34.8	$90.6
Army National Guard	12.8	22.5	35.3
Army Reserve	19.6	6.1	25.7
Naval Reserve	10.8	2.5	13.3
Marine Corps Reserve	1.8	.8	2.7
Air National Guard	4.4	1.8	6.2
Air Force Reserve	6.3	1.1	7.4

Calculations and assumptions are detailed in Appendix 7.

Conclusion

In the 1970's, the Pentagon adopted the Total Force Policy. Since then, the training of Reserve forces has been tied primarily to their wartime mission, with Reservists held to the same performance standards as their Active component counterparts. Clearly, in light of this increasingly demanding role for the Reserve components in the Total Force calculus, it is desirable to have the best trained, equipped, and educated force our defense budget can buy. There is no question that Reservists should be afforded every opportunity within our means to achieve and maintain a level of professionalism and competence on par with the Active component.

While it is reasonable to assume that some vocational training would relate to the requisite military skills of the Reservist, there is no empirical data to indicate that individual or unit readiness would be measurably improved as a result of offering vocational training to every Selected Reservist. Attempting to substantiate a relationship between military skills that contribute to unit readiness and a graduate degree in business (according to the VA, a postgraduate business degree is the degree most frequently pursued by Reserve graduate students) is much more tenuous.

Simply stated, it is the primary purpose of the Montgomery GI Bill to provide bright, ambitious young men and women sufficient incentive to join and serve with honor in a Reserve component. The success of the Reserve recruiting effort over the past 5 years indicates that the bonus and incentive program, as structured, is a valuable and worthwhile incentive. Additional incentive programs should be responsive to a demonstrable need to improve recruiting and retention, as well as unit and individual skill proficiency.

Undoubtedly, some external benefits accrue as the result of a more highly educated Reserve force. However, in today's austere fiscal environment, external benefits should not be placed ahead of more critically important programs. The unprogrammed costs for graduate school and vocational training are estimated at $102.3 and $64.3 million, respectively, for the first year. This is in addition to the FY 1990 budget request for $124 million for all Service Reserve education programs. If these benefits are enacted and no additional appropriation is provided by Congress, it is most likely that other, much more critical, mission related programs will have to be reduced to provide the funding.

It is difficult to argue strongly for an expanded educational entitlement, when readiness enhancing military skills training is already operating with limited resources due to the constrained fiscal environment. While the Department supports affording opportunities to achieve a higher level of professional and career broadening programs, only when sufficient funding for unit and individual training are made available should the educational benefits be expanded.

Appendix 1

Currently in Graduate School
(As of September 30, 1988)

Component	FY1986 ES	IN GRAD 1986*	(%)	FY1988 ES	(%)	IN GRAD 1988 (Est)
ARNG						
Off	43,566	3,248	7.45	48,216	7.45	3,592
Enl	402,688	3,848	.9	406,966	.9	3,662
					Total	7,254
USAR						
Off	56,639	5,747	10.14	59,358	10.14	6,023
Enl	253,070	4,317	1.7	253,467	1.7	4,322
					Total	10,354
NAVR						
Off	24,864	2,870	11.5	27,804	11.5	3,197
Enl	116,640	2,495	2.13	121,653	2.13	2,591
					Total	5,788
MCR						
Off	3,459	356	10.3	3,626	10.3	373
Enl	38,123	576	1.5	39,930	1.5	603
					Total	
ANG						
Off	13,361	1,021	7.6	13,960	7.3	1,067
Enl	99,231	1,275	1.3	101,261	1.3	1,301
					Total	2,368
AFR						
Off	16,014	1,339	8.4	16,549	8.4	1,384
Enl	62,505	1,771	2.8	65567	2.8	1,858
					Total	3,242
					DoD Total	29,973

*Weighted data from 1986 Reserve Component Survey.

Assumptions:

1. that 1986 Reserve Component Survey is representative of any year group.
2. that, given unchanged educational benefits, the proportion of graduate students to the target population will remain relatively constant in any year group.

Appendix 2
Currently in Vocational/Technical Training
(As of September 30, 1988)

Component	FY1986 ES	IN VOTECH 1986*	(%)	FY1988 ES	(%)	IN VOTECH 1988 (Est)
ARNG						
Off	43,566	743	1.7	48,216	1.7	822
Enl	402,688	15,531	3.9	406,966	3.9	15,698
					Total	16,520
USAR						
Off	56,639	535	.9	59,358	.9	561
Enl	253,070	11,735	4.6	253,467	4.6	11,753
					Total	12,314
NAVR						
Off	24,864	163	.7	27,804	.7	182
Enl	116,640	5,424	4.7	121,653	4.7	5.657
					Total	5,838
MCR						
Off	3,459	70	2.0	3,626	2.0	73
Enl	38,123	1,689	4.4	39,930	4.4	1,769
					Total	1,842
ANG						
Off	13,361	135	1.0	13,960	1.0	141
Enl	99,231	3,082	3.1	101,261	3.1	3.145
					Total	3,285
AFR						
Off	16,014	52	.3	16,549	.3	53
Enl	62,505	2,426	3.9	65,567	3.9	2,545
					Total	2,598
					DoD Total	42,399

*Weighted data from 1986 Reserve Component Survey.

Assumptions:

1. that 1986 Reserve Component Survey is representative of any year group.
2. that, given unchanged educational benefits, the proportion of vocational students to the target population will remain relatively constant in any year group.

Appendix 3
Additional Participants in MGIB-R, if Graduate School is Made an Entitlement

Component	Q.72	Already In Grad.	Part. Rate*	Add. Grad.		Potential Additional MGIB-R
ARNG						
Off	15,285	3,592	15.0	1,754		5,346
Enl	32,930	3,662	1.8	527		4,189
					Total	9,535
USAR						
Off	22,464	6,023	20.2	3,321		9,344
Enl	30,776	4,322	3.4	899		5,221
					Total	14,565
NAVR						
Off	10,127	3,197	23.0	1,594		4,791
Enl	15,106	2,591	4.2	634		3,225
					Total	8,016
MCR						
Off	1,465	373	20.6	225		598
Enl	6,701	603	3.0	183		786
					Total	1,384
ANG						
Off	4,821	1,067	15.2	571		1,638
Enl	12,895	1,301	2.6	301		1,602
					Total	3,240
AFR						
Off	6,445	1,384	16.8	850		2,234
Enl	11,9121	1,858	5.6	563		2,421
					Total	4,655
					DoD Total	41,395

Assumptions:

1. that question 72 of the 1986 Reserve Component Survey is a fair indication of true intentions (What is the highest level of education you intend to complete in the future?);
2. that a Reservist already enrolled in graduate school will take the required action (i.e., extension of enlistment) to qualify for benefits;

* that additional participation in the new entitlement will be twice the participation rate of the 1986 Reserve Component Survey (See Appendix 1) for the target population.

Appendix 3
(Continued)

Additional Participants in MGIB-R, if Graduate School is Made an Entitlement

Example: ARNG Officers:

15,285	officers responded to Q.72 of the RC Survey, that they intended to complete 5 to 8 years of college.
-3,592	officers already in grad school (table 2)
11,693	officers not in grad school, but with some indicated interest to do so.
x 15.0	participation rate of newly entitled officers,
1,754	probable additional officers to go to grad school, if that benefit were offered.
+ 3,592	officers already in a graduate program.
5,346	POTENTIAL ADDITIONAL OFFICERS in the MGIB-R program, if benefits for graduate school were available.

Participation Rate: Various assumptions were considered in determining the incremental increase in usage resulting from the availability of a new monetary benefit. Reservists receiving educational training under chapter 32 (VEAP) program, had a 7.4 percent graduate to undergraduate ratio. Veterans receiving educational benefits under chapter 34 (Vietnam Era GI Bill) had a 15 percent graduate school to undergraduate school ratio. The ratio of graduate to undergraduate students participating in active duty education benefit programs was 43 percent.

The rates used in this report are based upon the Sixth Quadrennial Review of Military Compensation (6QRMC) analysis of the results of the 1986 Reserve Component Survey, and represent a weighted estimate of officer and enlisted reservists actually in various educational programs during 1986. The survey sample was sufficiently large to assure a very high degree of accuracy in the assumptions and projections. Assuming no major demographic shifts in the Reserve population, and a constant benefits environment, the calculations made by the 6QRMC may be applied to any year group of the Reserve components.

This rate also refers to a more similar population. Earlier educational programs required some level of contribution from the beneficiary, provided a much greater monetary benefit ($300-$600 for chapter 30 vs $140 for chapter 106 MGIB), and in the case of the Active components, may have filled a requisite for promotion.

Appendix 4

Additional Participants in MGIB-R if Vocational/Technical Training is Made an Entitlement

Officers

Component	In Votech (Q.71)	Desired To Go (Q.72)	Part. Rate*	Potential Additional Students
ARNG	743	134	3.4	5+743 = 748
USAR	535	32	2.0	1+535 = 536
NR	163	0	1.4	0+163 = 163
MCR	70	0	4.0	0+ 70 = 70
ANG	135	10	2.0	1+135 = 136
AFR	52	0	.6	0+ 52 = 52

* Officers responses not reflective of behavior. When responses to Q.72 were zero, some of the same officers responded to Q.71 that they were currently in vocational or technical training.

Enlisted

Component	In Votech (Q.71)	Desired To Go (Q.72)	Part. Rate*	Potential Additional Students
ARNG	15,531	5,121	7.8	399+15531 = 15930
USAR	11,735	3,668	9.2	337+ 3668 = 4005
NR	5,424	1,554	7.8	121+ 1554 = 1675
MCR	1,689	512	8.8	45+ 512 = 557
ANG	3,082	1,154	6.2	72+ 1154 = 1226
AFR	2,426	749	7.8	58+ 749 = 807

Q.71 Attending vocational, trade or business school: 1986 Reserve Component Survey.

Q.72 Counts 1986 Reserve Component Survey respondents that indicated desire to attend 1 year of school beyond high school. Where response to Q.72 = 0, assumed an increase equal to historical participation rate times currently in votech.

Assumption:

* that additional participation in the new entitlement will be twice the participation rate of the 1986 Reserve Component Survey (See Appendix 1) for the target population.

Appendix 5

Estimated FIRST YEAR Normal Cost Contribution, by Component and Educational Program

Assumptions:

1. Normal cost contribution in the First Year is twice the normal cost contribution for full-time students in the steady state years (year 2 and outward).

2. Normal cost contribution in the First Year is 2.5 times the normal cost contribution for part-time students in the steady state years.

3. Individuals who enlist, reenlist or extend to meet the initial eligibility requirements in the first year equal 4/3 times the number of full-time participants (users) in the steady state.

4. Individuals who enlist, reenlist or extend to meet the initial eligibility requirements in the first year equal 1/1 times the number of part-time participants (users) in the steady state.

EXAMPLE: USAR

full-time Grad outlay	= 17,332,350/1.111 disc rate	
	= 15,600,675 x 2	= 31,201,350
part-time Grad outlay	= 2,293,987/1.157 disc rate	
	= 1,982,703 x 2.5	= 4,956,757
Normal cost contribution for FIRST YEAR Grad		= $36,158,107

full-time Votech outlay	= 5,403,790/1.111 disc rate	
	= 4,863,897 x 2	= 9,727,795
part-time Votech outlay	= 715,208/1.157 disc rate	
	= 618,157 x 2.5	= 1,545,393
Normal cost contribution for FIRST YEAR Votech		= $11,273,188

TOTAL NORMAL COST CONTRIBUTION FIRST YEAR $47,431,295

Appendix 6

Estimate of Normal Cost Contribution, by Component, per Year (steady state)

Assumptions:

1. "Additional Participants" equal 100 percent of 6 year Selected Reserve obligors currently in graduate or vocational school, plus the product of twice the historical participation rate and the number of Reservists indicating that they expected to attend graduate or vocational school in the future (Q.72, 1986 Reserve Component Survey).

2. Eighty-five percent and 15 percent of the new participants will attend full or part-time respectively. Part-time includes all participation levels less than full-time and is costed at the highest part-time rate.

3. The discount rate reflects an 18 month payout period for full-time, and a 29 month payout period for less than full-time. The member will begin using the benefit in month 7.

4. An unfunded liability may occur for a portion of the "currently in training", since they may be in a qualifying enlistment (6 years) but never enrolled in the MGIB-R, and begin drawing the benefits now.

5. The number of students in graduate and vocational school will remain constant at 41,000 and 26,000 respectively.

6. Per person normal cost is an inappropriate calculation for this estimate, since the discount factor is not applied to the entire population of users and non-users; only the users.

EXAMPLE: USAR

Aggregate Normal Cost Contribution per Year:

full-time outlay for grad school	=	17,332,350		
full-time outlay for votech	=	5,403,790		
		22,736,140	/ 1.111	discount rate
= $20,464,572				
part-time outlay for grad school	=	2,293,987		
part-time outlay for votec	=	715,208		
		3,009,195	/ 1.157	discount rate
= $ 2,600,859				

Aggregate Normal Cost Contribution = $23,065,431

Appendix 7

Estimated Additional Annual Outlays from DoD Educational Benefits Fund

ARNG

	Add. Grad	Add. Votech	Full-Time	Part-Time	Add. Outlay
Grad	9,535		11,346,650	1,501,763	12,848,413
Votech		16,678	19,846,820	2,626,785	22,473,605
			Total Additional Outlay		$35,322,018

USAR

	Add. Grad	Add. Votech	Full-Time	Part-Time	Add. Outlay
Grad	14,565		17,332,350	2,293,987	19,626,338
Votech		4,541	5,403,790	289,485	6,118,998
			Total Additional Outlay		$25,745,336

NR

	Add. Grad	Add. Votech	Full-Time	Part-Time	Add. Outlay
Grad	8,016		9,539,040	1,262,520	10,801,560
Votech		1,838	2,187,220	289,485	2,476,705
			Total Additional Outlay		$13,278,265

MCR

	Add. Grad	Add. Votech	Full-Time	Part-Time	Add. Outlay
Grad	1,384		1,646,960	217,980	1,864,940
Votech		627	746,130	98,753	844,883
			Total Additional Outlay		2,709,823

Appendix 7
(Continued)

Estimated Additional Annual Outlays from
DoD Educational Benefits Fund

ANG

	Add. Grad	Add. Votech	Full-Time	Part-Time	Add. Outlay
Grad	3,240		3,855,600	510,300	4,365,900
Votech		1,362	1,620,780	214,515	1,835,295
			Total Additional Outlay		$6,201,195

AFR

	Add. Grad	Add. Votech	Full-Time	Part-Time	Add. Outlay
Grad	4,655		5,539,450	733,163	6,272,613
Votech		859	1,022,210	135,293	1,157,503
			Total Additional Outlay		7,430,116
			DoD Total		$90,666,753

EXAMPLE: AFR

4,655	potential additional graduate students
x .85	full-time participation rate
3,956.75	
x 140	monthly full-time benefit
553,945	
x 10	months of benefits (1 school year)
$5,539,450	Outlay for full-time graduate school

OPENING STATEMENT OF

HONORABLE G. V. (SONNY) MONTGOMERY

SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT

LEGISLATIVE HEARING ON H.R. 1358

APRIL 6, 1989

MR. CHAIRMAN, I WANT TO CONGRATULATE YOU ON ASSUMING THE CHAIRMANSHIP OF THE SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT. I UNDERSTAND YOU VISITED THE AIR FORCE BASIC MILITARY TRAINING SCHOOL IN SAN ANTONIO LAST WEEK AND WERE IMPRESSED WITH THE IMPLEMENTATION OF THE GI BILL THERE. I APPRECIATE YOUR TAKING THE TIME TO VISIT THIS TRAINING BASE AND OBSERVING THE EFFECTIVENESS OF THE GI BILL FIRSTHAND.

I ALSO APPRECIATE THE PRIORITY YOU HAVE GIVEN TO HOLDING HEARINGS ON H.R. 1358. ALTHOUGH I AM A COSPONSOR OF THE ENTIRE BILL, I WANT TO DIRECT MY COMMENTS TO SECTION 2. THIS SECTION WOULD EXPAND THE PROGRAMS OF EDUCATION AVAILABLE UNDER THE GI BILL-SELECTED RESERVE TO BE IDENTICAL TO THOSE APPROVED FOR ACTIVE DUTY GI BILL PARTICIPANTS.

99-552 - 89 - 4

UNDER CURRENT LAW, GUARDSMEN AND RESERVISTS GOING TO SCHOOL UNDER THE GI BILL MAY ONLY PURSUE UNDERGRADUATE COURSES AT INSTITUTIONS OF HIGHER LEARNING. I BELIEVE THERE ARE FOUR PRIMARY REASONS FOR LIFTING THIS RESTRICTION.

FIRST, THERE IS THE ISSUE OF EQUITY BETWEEN ACTIVE DUTY GI BILL PARTICIPANTS AND SELECTED RESERVE PARTICIPANTS. IN ORDER TO BE CONSISTENT WITH THE TOTAL FORCE POLICY WHICH UNDERLIES OUR NATIONAL MILITARY STRATEGY, EDUCATIONAL OPPORTUNITIES AVAILABLE UNDER THE PEACETIME GI BILL SHOULD BE CONSISTENT BETWEEN BOTH SIDES OF THE FORCE.

NEXT, EXPANDING THE PROGRAMS AVAILABLE TO MEMBERS OF THE NATIONAL GUARD AND RESERVE WOULD INCREASE THE INCENTIVE VALUE OF THE GI BILL AS A RECRUITING AND RETENTION TOOL. IF THE TOTAL FORCE IS TO BE SUCCESSFUL, THE RESERVE SIDE OF THAT FORCE MUST BE ABLE TO ATTRACT AND RETAIN HIGH QUALITY PERSONNEL. WE

ALREADY KNOW THE GI BILL HAS HELPED THE SELECTED RESERVE. EXPANDING APPROVED COURSES OF STUDY WILL MAKE A GOOD PROGRAM EVEN BETTER AND MORE EFFECTIVE. IT SHOULD ALSO BE KEPT IN MIND THAT THE CURRENT RESTRICTION TO UNDERGRADUATE COURSES SEVERELY LIMITS THE RETENTION VALUE OF THE GI BILL FOR A HIGHLY-EDUCATED OFFICER CORPS.

THIRD, THE SELECTED RESERVE WOULD BENEFIT FROM AN EXPANSION IN APPROVED COURSES BECAUSE MANY VITAL READINESS SKILLS REQUIRE HANDS-ON VOCATIONAL TRAINING OR ADVANCED DEGREE STUDIES WHICH ARE NOW UNAVAILABLE TO MEMBERS OF THE GUARD AND RESERVE. TRAINING IN SKILLS SUCH AS THOSE RELATED TO ELECTRONICS, COMPUTERS, AND AUTOMOTIVES WOULD DIRECTLY ENHANCE THE MILITARY CAPABILITIES OF RESERVE UNITS.

FINALLY, INDIVIDUALS SERVING IN THE SELECTED RESERVE WOULD BENEFIT PERSONALLY IF EDUCATIONAL OPPORTUNITIES OPEN TO THEM WERE BROADENED. NOT EVERYONE WANTS OR NEEDS TO PURSUE COLLEGE-LEVEL TRAINING. IN FACT,

PROJECTIONS FOR THE YEAR 2000 FROM THE DEPARTMENT OF LABOR INDICATE SOME OF THE FASTEST-GROWING OCCUPATIONS ARE THOSE THAT DON'T REQUIRE A COLLEGE DIPLOMA BUT DO REQUIRE VOCATIONAL OR TECHNICAL TRAINING. ADDITIONALLY, THERE ARE MANY SELECTED RESERVE OFFICERS WHO WOULD BENEFIT FROM OBTAINING LEVELS OF EXPERTISE BEYOND THE BACCALAUREATE LEVEL.

MR. CHAIRMAN, I AM KEEPING MY STATEMENT SHORT BECAUSE I KNOW THERE ARE MANY WITNESSES WAITING TO TESTIFY AND ALSO BECAUSE THIS COMMITTEE REPORTED OUT LEGISLATION CONTAINING THIS PROVISION LAST YEAR. I BELIEVE THERE IS STRONG SUPPORT AMONG OUR MEMBERS FOR THIS PROVISION. WE DID, HOWEVER, RUN INTO SOME PROBLEMS IN THE ARMED SERVICES COMMITTEE, TO WHICH THE BILL WAS JOINTLY REFERRED. ALTHOUGH MEMBERS THERE AGREED AN EXPANSION OF THE SELECTED RESERVE GI BILL HAS MERIT, THEY WERE CONCERNED ABOUT ENACTING THIS CHANGE RATHER LATE IN THE BUDGET YEAR.

CERTAINLY WE ARE ALL WELL AWARE OF THE BUDGET DEFICIT AND THE NEED TO ADDRESS THAT PROBLEM. IN FACT, THIS COMMITTEE HAS CONTRIBUTED MORE THAN ITS SHARE TO THE BUDGET BATTLE. BUT I BELIEVE THE ENACTMENT OF THIS EDUCATION INCENTIVE WILL SIGNIFICANTLY REDUCE RECRUITMENT AND TRAINING COSTS BECAUSE OF THE CAPABLE YOUNG MEN AND WOMEN IT WILL BRING IN AND KEEP IN THE SELECTED RESERVE.

ADDITIONALLY, IT IS MY EXPECTATION THAT IF YOUR SUBCOMMITTEE FAVORABLY CONSIDERS THIS MEASURE AND IT IS REPORTED BY THE FULL COMMITTEE, WE WILL BE ABLE TO MOVE IT IN THE ARMED SERVICES COMMITTEE.

THANK YOU FOR ALLOWING ME TO PRESENT MY VIEWS ON THIS ISSUE, MR. CHAIRMAN.

Statement of

The American Legion

1608 K STREET, N. W.
WASHINGTON, D. C. 20006

by

SAMUEL J. WALSH, ASSISTANT DIRECTOR
NATIONAL LEGISLATIVE COMMISSION
THE AMERICAN LEGION

and

PHILIP R. WILKERSON, ASSISTANT DIRECTOR
NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION
THE AMERICAN LEGION

before the

SUBCOMMITTEE ON EDUCATION, TRAINING, AND EMPLOYMENT
COMMITTEE ON VETERANS AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

on

VETERANS' EDUCATION ASSISTANCE PROGRAMS

April 6, 1989

STATEMENT OF PHILIP R. WILKERSON, ASSISTANT DIRECTOR
NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION
THE AMERICAN LEGION
BEFORE THE SUBCOMMITTEE ON EDUCATION, TRAINING, AND EMPLOYMENT
COMMITTEE ON VETERANS AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
APRIL 6, 1989

Mr. Chairman and Members of the Subcommittee:

The American Legion appreciates the opportunity to present its views on a number of proposed amendments to various educational programs administered by the Department of Veterans Affairs. H.R. 1358 contains a number of proposals intended to amend the programs of educational assistance provided under Chapter 30 - All-Volunteer Force Educational Assistance Program, Chapter 32 - Post-Vietnam Era Veterans' Educational Assistance Program, and Chapter 34 - Veterans' Educational Assistance Program.

This legislation would also increase by 5 percent the educational subsistence allowances for eligible individuals under Chapter 31 - Training and Rehabilitation for Veterans with Service-Connected Disabilities and Chapter 35 - Survivors' and Dependents' Educational Assistance Program.

Section 1 of this measure provides that the delimiting period within which educational benefits may be used under Chapters 30, 32, and 34 of title 38, United States Code, would expire at the end of the 10-year period beginning on the date of the individual's last discharge or release from active duty of at least 90 days of continuous service.

Under such criteria, discharged individuals who have established entitlement to a program of educational assistance based upon a previous period of qualifying military service and who subsequently return to active duty shall not establish a new delimiting date unless the latest period of active duty served is 90 days or more.

The American Legion would not be opposed to this change requiring a minimum period of active duty in order to establish a new delimiting date.

Section 1431(e) of the title would be amended to provide that individuals who enlisted in the Armed Forces prior to January 1, 1977 under a delayed entry program and who are eligible for educational assistance benefits under Chapter 30 shall not have their ten-year delimiting period reduced by the time not served on active duty in 1977.

The American Legion has no objection to this change.

Section 2 would amend section 2131 of title 10, United States Code, to conform to the same requirements for an approved program of education for members of the Selected Reserve as are currently contained in Chapter 30 of title 38, United States Code. In essence, this amendment would provide that those individuals eligible for

benefits under the National Guard and Reserve Program may pursue the same types of programs as those eligible under the Active Duty Program.

The American Legion is supportive of this proposed amendment.

Section 3 of H.R. 1358 would amend section 1651 of title 38, United States Code, to prohibit individuals serving in the Selected Reserve from receiving credit for such service under both Chapter 32 of title 38, United States Code, and Chapter 106 of title 10, United States Code. Such individuals would elect the program to which the period of service is to be credited.

Similar restrictions apply to other programs of educational assistance. On this basis, The American Legion would support the enactment of this proposal.

Section 4 of the bill would amend sections 1411 and 1412 to provide that for the purpose of establishing entitlement to educational assistance for service on active duty and in the Selected Reserve, the requirements of a secondary school diploma (or equivalency certificate) may be met by having successfully completed the equivalent of 12 semester hours in a program of education leading to a standard college degree before the end of the individual's initial obligated period of active duty.

Again, this amendment seems reasonable to the Legion.

Section 6 would amend section 1508(b) to increase by 5 percent, subsistence allowances for service-connected disabled veterans pursuing a program of rehabilitation under Chapter 31 of title 38, United States Code.

The subsistence allowances for such disabled veterans were last increased under PL 98-543, The Veterans' Benefits Improvement Act of 1984. The purpose of this allowance is to provide a reasonable measure of financial assistance to a service disabled veteran while he or she is pursuing a program of rehabilitation to overcome the occupational handicap of their disability. It is necessary that such allowances be periodically increased to reflect the rise in the cost-of-living. The fact that these subsistence rates have not been adjusted in nearly 5 years has placed an added economic burden on disabled veterans in the program.

In 1988, according to the VA, there were 24,704 veterans in rehabilitation programs under Chapter 31. The proposed 5 percent increase authorized by this measure would not increase the costs of the program for FY 1990 as the number of participants is projected to decrease by 5.5 percent in 1989. The American Legion feels very strongly that this increase in the subsistence allowances is essential to those deserving individuals training under the vocational rehabilitation program.

Section 7 would amend section 1732 of title 38, United States Code to increase by 5 percent the rates of educational assistance under Chapter 35 of the title for survivors and dependents of veterans who died of a service-connected disability, or who have a total service-connected disability, permanent in nature.

The purpose of this program is twofold. It is meant to afford educational opportunities to children whose education would be otherwise impeded or interrupted by reason of the veteran's service-connected disability or death. It is also meant to assist surviving spouses of veterans who died of service-connected disabilities and spouses of veterans with a total service-connected disability permanent in nature in preparing to support themselves and their families at a standard of living which the veteran, but for the veteran's death or service-connected disability, could have expected to provide for the family.

The educational assistance rates for eligible individuals under Chapter 35 were also last increased under PL 98-543, The Veterans' Benefits Improvement Act of 1984. The fact that the educational assistance benefits provided to Chapter 35 beneficiaries have not been adjusted in over 4 1/2 years has made it increasingly difficult for many to either enter or continue their program of education or training, and to achieve the goal for which this program was intended within the applicable time frame. The American Legion believes this increase in the subsistence allowances is important as it is necessary that the rates of educational assistance be periodically increased to reflect the increases in the cost-of-living and the costs of education and training.

Section 8 would amend section 1774 of title 38, United States Code to provide reimbursement to State and local agencies for expenses incurred in carrying out evaluations of the standards and performance of State approving agencies as provided for in section 1774A of the title.

Currently, reimbursement to State approving agencies is limited to expenses associated with services in ascertaining the qualifications of educational institutions for furnishing courses of education to veterans and other eligible individuals. This amendment would authorize reimbursement for expenses of such agencies for activities related to the joint VA/State approving agency evaluations required under section 1774A of the title.

The American Legion is not opposed to this amendment.

Section 9 contains a series of technical amendments to Chapter 30:

(1) Section 1412 would be amended to provide that the required period of service

in the Selected Reserve begin within one year of completion of at least two years of continuous active duty. The effective date of this amendment is October 19, 1984.

(2) Section 1413 is amended to provide that individuals who during the authorized open period withdraw their election not to receive educational assistance under this Chapter and, who before completing their obligated period of service are discharged or released from active duty for a service-connected disability, a preexisting nonservice-connected disability, hardship, or for the convenience of the Government as a result of a reduction in force, shall be entitled to the number of months of educational assistance equal to the number of months served on active duty after June 30, 1985. This change is to be effective November 18, 1988.

(3) Section 1433 is amended to provide that a period of service counted for the purposes of repayment of an educational loan under Chapter 109 of title 10, United States Code, may not also be counted for purposes of entitlement to educational assistance under Chapter 30, effective November 8, 1985.

(4) Section 1434 is amended to clarify the purpose of refresher training to enable certain eligible veterans to pursue an approved program of education. This change is to be effective November 18, 1988.

Section 1781 of title 38, United States Code, prohibits the receipt of educational assistance benefits concurrently under two or more programs. Section 9 would amend section 1781 to add PL 99-399 - The Omnibus Diplomatic Security and Anti-Terrorism Act of 1986, to the list of programs to which this restriction applies, effective August 27, 1986.

Section 1795 of title 38, United States Code, limits the period of educational assistance under two or more programs to an aggregate of 48 months. Section 9 would amend section 1795 to add PL 99-399 to the list of programs to which this restriction applies, effective August 27, 1986.

Although The American Legion has no official position on these technical amendments, we offer no objection to them.

Mr. Chairman, that concludes our statement.

STATEMENT OF
PAUL J. BREUER
ASSOCIATE NATIONAL LEGISLATIVE DIRECTOR
DISABLED AMERICAN VETERANS
BEFORE THE
SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT
OF THE
COMMITTEE ON VETERANS AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
April 6, 1989

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

On behalf of the more than 1.2 million members of the Disabled American Veterans and our Ladies' Auxiliary I wish to thank you and the Subcommittee members for providing us an opportunity to express our views on the provisions of H.R. 1358, a bill to amend Title 38, USC, with respect to the Montgomery GI Bill, and for other purposes.

Mr. Chairman, the DAV would like to take this opportunity to commend you for sponsoring this bill that addresses provisions of Title 38, USC, pertaining to educational benefits for members of the veterans' community, their dependents and survivors. The importance of education for young people cannot be overstated in view of the technological changes we are experiencing in today's society. It seems, therefore, most important that Congress continue to monitor and address the educational benefits available to the veterans' community to ensure this cost effective program meets changing financial and educational needs. The DAV values most highly the advocacy you and the Subcommittee members have always demonstrated toward the educational entitlements of our nation's veterans, and for this we express our deep gratitude.

As you know, Mr. Chairman, DAV membership is limited to honorably discharged veterans who were wounded, injured, or otherwise disabled in the wartime service of their country. It therefore follows, with respect to Department of Veterans Affairs educational benefits, that our organization is primarily concerned with veterans' educational benefits provided by the Vocational Rehabilitation Program and the Survivors' and Dependents' Educational Assistance Program authorized under Chapters 31 and 35, respectively, of Title 38, USC.

H.R. 1358 is a measure that includes proposals to permit members of the National Guard and Reserves to pursue programs similar to those authorized under the Montgomery GI Bill; modify the ten year delimiting date eligibility; alter secondary school diploma equivalency requirements; bar the receipt of benefits under Chapter 32, Title 38, USC, and Chapter 106, Title 10, USC, based on the same period of service; clarify the source of national curriculum funding for State Approving Agencies, and establish eligibility for benefits under Chapter 34, Title 38, USC to certain graduates of U.S. Military Academies.

The legislative program of the Disabled American Veterans is derived from an organizational resolution process affirmed by the delegates to our annual National Conventions. DAV has received no mandate from our membership regarding the above cited provisions of H.R. 1358. Therefore and in view of our stated focus on benefits for service-connected disabled veterans, their dependents, and survivors, we respectfully decline to take a position on these provisions of this bill.

Our lack of a position on these measures, however, should not be construed in any way as lack of support for the educational benefits involved. To the contrary, I would like to

stress that DAV is concerned with federal programs which have been designed to enhance the educational opportunities for veterans in general, and we certainly endorse and support a strong national defense to insure that the U.S. Armed Forces is second to none. We recognize the value of the Montgomery GI Bill as a vital recruitment tool to achieve this goal. Mr. Chairman, you and the members of this Subcommittee are to be commended for your foresight in developing the Montgomery GI Bill and for the substantial contribution it continues to make in recruiting highly qualified young Americans into our Armed Forces.

Having stated this, Mr. Chairman, I will also state that there are two provisions of H.R. 1358 that will have a direct bearing on service-connected disabled veterans, their dependents, and survivors for which DAV would like to articulate a position.

Sections 6 and 7 of H.R. 1358 propose to increase by 5% the subsistence allowance under Chapter 31, Title 38, USC (Vocational Rehabilitation), and the rates of educational assistance under Chapter 35, Title 38, USC (Program of Education for Survivors and Dependents).

As I am sure you are aware Mr. Chairman, vocational rehabilitation under Chapter 31 is available only to those service-connected disabled veterans who require training to restore employability lost by virtue of a handicap due to a service-connected disability. Tuition, fees, books, and other direct educational expenses are paid for by the Department of Veterans Affairs and, in addition, a monthly subsistence allowance (currently $310.00 for a single veteran) to defray such expenses as food, housing, and transportation is extended.

The Chapter 35 Survivors' and Dependents' Assistance Program is available to the spouses and children (generally between 18 and 26 years of age) of veterans rated permanently 100% service-connected disabled, or for the surviving spouse and children of veterans who died in service or from a service-connected disability. These beneficiaries are obligated to pay their own educational expenses and while in training receive educational assistance (currently $376.00 per month) to defray a portion of their educational expenses.

I am sure I need not remind the distinguished members of this Subcommittee of the immense suffering and sacrifices experienced by such veterans so disabled in or as a result of the performance of active duty service so as to establish (or confer) entitlement to these most worthwhile educational programs. Mr. Chairman, you and the members of this Subcommittee are to be commended for the proposals contained in H.R. 1358 that would provide for a 5% increase in Chapter 31 subsistence allowance and Chapter 35 educational assistance.

Mr. Chairman, Chapter 31 subsistence allowance and Chapter 35 educational assistance were last increased October 1, 1984 (Public Law 98-543). During the pendency of that legislation, the VA justified their (then) request for a 15% increase in these educational benefits by citing statistics from the National Center for Educational Statistics (U.S. Department of Education) demonstrating that the cost of tuition, fees, room and board had increased 33% in public schools and 38% in private schools from school year 1980-1981 to school year 1983-1984.

Based in part on these figures, legislation (H.R. 5388) passed the House of Representatives proposing a 15% increase in educational benefits. However, the compromise agreement resulting in Public Law 98-543 adopted a lower figure proposed

by the Senate and established only a 10% increase in these educational programs.

As noted previously, there has been no increase in Chapter 31 subsistence or Chapter 35 educational assistance since October 1, 1984. According to the Bureau of Labor Statistics, the Consumer Price Index (CPI) has risen 13.8% from the end of 1984 through December 1988. Additionally, the Department of Education reports that the cost of tuition, fees, room and board associated with higher education continue to increase dramatically. From 1984 through 1988 the cost of higher education has increased 18% for public schools and universities, and 28% for private institutions.

In part, as a result of these statistics, during January 1989 Senator Alan Cranston introduced a bill (S. 13) that would provide for a 13.8% increase in Chapter 31 subsistence and Chapter 35 educational assistance.

The statistics contained herein demonstrate a dramatic increase in the costs associated with obtaining higher education, as well as CPI increases that have diminished the purchasing power of Chapter 31 subsistence and Chapter 35 educational assistance for the recipients of these benefits. Congress very wisely and compassionately estabiished these programs for disabled veterans, their dependents and survivors in order for them to partake in the educational process as a means to regain lost or diminished employability and financial security. In recent years the educational process has become more and more important as a means by which members of our society can obtain fruitful and gainful employment. It is thus all the more important that Chapter 31 and Chapter 35 beneficiaries have access to the educational process by being entitled to benefits that are commensurate with the increasing costs involved in obtaining such an education.

We are grateful to and commend you, Mr. Chairman, and the members of the Subcommittee for proposing a 5% increase in Chapter 31 subsistence and Chapter 35 educational assistance and we certainly support those provisions of H.R. 1358 that would implement these increases.

Yet we are also hopeful, Mr. Chairman, in view of the statistics and comments contained herein, that you will favorably consider increasing Chapter 31 and Chapter 35 benefit rates beyond 5% to a level commensurate with the CPI increase that has occurred since 1984, as well as the increased cost of education experienced since the date of the last rate adjustment.

That concludes my testimony, Mr. Chairman. I again wish to thank you and the members of the Subcommittee for providing the DAV an opportunity to comment on H.R. 1358.

STATEMENT OF

FRANK A. ATHANASON, NATIONAL COMMANDER

MILITARY ORDER OF THE PURPLE HEART

ON H.R. 1358

BEFORE THE

HOUSE COMMITTEE ON VETERANS' AFFAIRS

SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT

UNITED STATES HOUSE OF REPRESENTATIVES

APRIL 6, 1989

H.R. 1358

The Military Order of the Purple Heart is honored to have the opportunity to submit our legislative views on H.R. 1358, a bill to amend title 38, United States Code, with respect to the Montgomery GI Bill, and other changes.

We must commend Congressman Montgomery and the House for their leadership in this bill, as it has and will continue to furnish the opportunity of providing educational benefits to men and women who have served their country honorably.

There are only two points in which we can question and that is in section 6 and 7 regarding the 5% subsistence allowance under the vocational rehabilitation program (Chapter 31) and the program of education for survivors and dependents (Chapter 35), respectfully.

We would respectfully propose a 6% increase in the vocational rehabilitation program (Chapter 31) and a 4% increase in the program of education for survivors and dependents (Chapter 35). Our justification of this proposal is based upon the fact that most recipients of survivors and dependents (Chapter 35) receive Social Security equivalent payments under the Quale amendment, VA educational assistance, and in many cases, state benefits and other educational scholarships and grants. Where veterans under the vocational rehabilitation system receive only their VA compensation and vocational rehabilitation subsistence. Since 75% of vocational recipients or approximately 19,500 of the approximate 26,000 veterans receiving benefits under this program are rated at 40% or less, their additional income from VA compensation is less than $300.00 a month. The largest group of participants receive only $73.00 monthly.

This would equate to additional VA compensation benefits to vocational recipients as follows:

% of disability	Amount of Payment	Approx. # of Vets	
10%	$73.00	7,020	
20%	$138.00	4,420	
30%	$210.00	4,940	
40%	$300.00	3,120	
50% and above		6,500	25%
	TOTAL VETERANS	26,000	

Granted, tuition fees and books are paid by the VA. However, the subsistence allowance and their VA compensation would hardly be enough to pay for rent and food without some additional income, such as, work study or part time work of some sort.

In the case of recipients of survivors and dependents education benefits, the income derived from these sources is sufficient to meet their needs without resorting to part time work.

Survivor recipients of Chapter 35 benefits:

Children	23,878
Wives & Widows	2,591
Total Recipients	26,469 (as of March 1989)

As stated previously, most children would have additional Quale amendment benefits equal to social security payments. Wives would have the additional support from their husbands 100% service connected payments, some state tuition support and other educational grants. Many of the widows would be in receipt of D.I.C. payments as well as the other benefits mentioned.

Another factor which we would like to cite is that under the previous Graham-Rudman reductions, those veterans in receipt of vocational rehabilitation suffered a 15% reduction in educational subsistence benefits while the survivors and dependents received no such reductions. This resulted in some drop outs from the rehabilitation because of the economic impact of such a large reduction in benefits.

Although this proposal of 6% for vocational rehabilitation recipients (Chapter 31) and 4% for survivors and dependents would almost offset each other and result in a 27,875 dollar a month saving. This could only be realized if the veterans on vocational rehabilitation had no dependents. However, this would not be a realistic assumption, since the dependency allowances would cost an additional three dollars ($3.00) for one dependent and four dollars ($4.00) for two dependents or more.

The approximate cost of this proposal would be 464,000 dollars yearly. This estimate is based upon 5,200 veterans having one dependent and 12,740 having two or more dependents.

One point the Military Order of the Purple Heart wants to make perfectly clear is that we do not imply survivors and dependents do not deserve everything to which they are entitled. What we are proposing, is a closer parity for veterans in the vocational rehabilitation program.

We thank you for this opportunity to present our views and hope that you will give favorable consideration to taking the first step in reducing the inequities between these two programs.

SUPPLEMENTARY STATEMENT OF

ROBERT L. ALVAREZ, NATIONAL SERVICE DIRECTOR

MILITARY ORDER OF THE PURPLE HEART

ON H.R. 1358

BEFORE THE

HOUSE COMMITTEE ON VETERANS' AFFAIRS

SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT

UNITED STATES HOUSE OF REPRESENTATIVES

APRIL 10, 1989

H.R. 1358

The following clarification to Military Order of the Purple Heart's position on H.R. 1358 regarding section 6 5% increase in Vocational Rehabilitation subsistence allowance, under the Vocational Rehabilitation Program (Chapter 31) and 5% increase in the program of educational assistance for survivors and dependents (Chapter 35).

Basically Military Order of the Purple Heart's proposal of a 6% increase for Chapter 31 and a 4% increase in Chapter 35, is to obtain parity of payment in these two programs without increasing appreciably the costs.

Of course, we would like to see full parity between both programs. However, in these times it would not be fiscally responsible. For the same reason we do not request parity with and appropriate increase to offset the inflation felt in these programs because of the rising costs of living for the years these programs have not had any increases.

The current difference under these two programs are as follows:

PROGRAM	CURRENT	5% PROPOSAL	6%/4% PROPOSAL
Chapt 31	310.00	326	329
Chapt 35	376.00	395	388
Difference	66.00	69	59

Under the 5% proposal the Chapter 35 recipients would increase their gap between Chapter 31 recipients by 3.00 a month. Under MOPH's proposal the gap would be lessened by 10.00 a month.

The MOPH further stated that many Chapter 35 beneficiaries receive additional state benefits which offsets the free tuition and books that Chapter 31 recipients receive. A survey was made of the 50 states and the District of Columbia indicates the following:

30 states offer free tuition or scholarships to Chapter 35 recipients.

10 states and the District of Columbia offer some form of tuition assistance to Chapter 35 recipients.

10 states offer no assistance; however, 2 have bills pending for state assistance.

This is in addition to anyother federal or state program offered to all students.

One last point we would like to interject is that in the past, Chapter 35 increases were always based upon the Chapter 34 benefits due single veterans. Since Chapter 34 recipients are no longer tied to Chapter 35, we feel that this would be the ideal time to start a program of parity because of the disparity between Chapter 31 and 35 benefits.

We thank the committee for your sincere interest and consideration of our proposal and the opportunity to clarify our position.

The American Legion
For God and Country

★ WASHINGTON OFFICE ★ 1608 "K" STREET, N.W. ★ WASHINGTON, D.C. 20006 ★
(202) 861-2700 ★

April 11, 1989

Honorable Timothy J. Penny, Chairman
Subcommittee on Education, Training and
Employment
Committee on Veterans' Affairs
U.S. House of Representatives
335 Cannon House Office Building
Washington, DC 20515

Dear Chairman Penny:

At the hearing on April 6, 1989 you requested comment on the proposal of the Military Order of the Purple Heart (MOPH) for a differing cost-of-living adjustment (COLA) for Chapter 31 veterans and for Chapter 35 beneficiaries. We are pleased to offer the following comments.

In our testimony, we expressed support to the 5% COLAs offered by H.R. 1358. The MOPH proposal calls for a 6% increase in the subsistence allowance for veterans under Chapter 31 vocational rehabilitation programs and a 4% increase in the educational assistance allowance for eligible spouses, surviving spouses and dependents under Chapter 35. The American Legion is unable to support the MOPH's proposal, since in their justification for these percentages they raise a number of legislative issues which go far beyond the simple question of a COLA for these programs.

Sincerely,

Phil Riggin

E. Philp Riggin, Director
National Legislative Commission

Enclosure

STATEMENT OF
JOHN C. BOLLINGER, ASSOCIATE LEGISLATIVE DIRECTOR
PARALYZED VETERANS OF AMERICA
BEFORE THE
SUBCOMMITTEE ON EDUCATION, TRAINING, AND EMPLOYMENT
OF THE
HOUSE COMMITTEE ON VETERANS' AFFAIRS
CONCERNING
H.R. 1358, A BILL TO AMEND CERTAIN PROVISIONS OF THE
MONTGOMERY GI BILL AND OTHER EDUCATION PROGRAMS ADMINISTERED
BY THE DEPARTMENT OF VETERANS AFFAIRS
APRIL 6, 1989

Mr. Chairman and Members of the Subcommittee, I wish to thank you for this opportunity to present the views of Paralyzed Veterans of America concerning H.R. 1358. This legislation would amend the Montgomery GI Bill and make several other changes to existing education programs administered by the Department of Veterans Affairs.

I would first like to congratulate the Honorable Timothy J. Penny on becoming the chairman of this important Subcommittee. Having served as a Member of the Subcommittee on Hospitals and Health Care and the Subcommittee on Compensation, Pension, and Insurance, you have demonstrated a deep understanding and appreciation for the problems which face our Nation's veterans. PVA looks forward to working with you in your new leadership position.

Since 1944, over 20 million men and women have been trained under the various education programs administered by the VA. It has been estimated that these veterans will pay up to eight times the cost of their education in federal income taxes from the added lifetime income their educations made possible. We are confident that you will provide the strong leadership necessary to ensure that a high standard of program excellence is maintained by the Department. We encourage you to engage in aggressive oversight of these programs and to continue legislative initiatives such as H.R. 1358. By so doing, you will ensure that the Government's investment in the education and vocational rehabilitation of our country's veterans and service-personnel will remain one of the best investments ever made by the Federal Government.

Mr. Chairman, the legislation before us today would further define the Montgomery GI Bill (MGIB) by making several appropriate amendments to Chapter 30, title 38, USC., and Chapter 106, title 10, USC. In addition, the bill addresses several features of Chapters 31, 32, 34, 35 and 36 of title 38, USC., which would result in the improvement and standardization of several aspects of these programs.

SECTION 1. Determination of Delimiting Date

PVA agrees with this provision which requires at least ninety days of continuous active duty in order for a new 10-year delimiting date to begin. In addition, Section 1 standardizes this requirement for Chapters 30, 32, and 34.

In the event that an individual leaves active duty and then returns for a subsequent enlistment, it is appropriate that he or she serve on active duty for at least 90 days during that second enlistment in order to gain the advantage of a new delimiting date. Obviously, in the case of an individual who is discharged due to disability before the required ninety days, potential entitlement to Chapter 31 benefits must be determined with the appropriate delimiting date.

Finally, Section 1 of H.R. 1358 would amend Section 1431(e) of title 38, USC. The proposed amendment would address entitlement for those individuals who contracted with the Armed Forces and were enlisted in or assigned to a reserve component prior to January 1, 1977. Your proposal states that the ten year delimiting date would not be reduced by any period in 1977 before the individual actually began serving on active duty. This amendment is most appropriate.

SECTION 2. Program of Education Under the Montgomery GI Bill Selected Reserve Program

Section 2 of H.R. 1358 would amend Section 2131 and Section 2136 of title 10, USC. The proposed amendments to Section 2131 would result in changes to program approval requirements, apprenticeship and on-the-job training programs, cooperative programs, and correspondence course programs. We believe these improvements are in the best interest of reservists and the Montgomery GI Bill.

Also included in your legislation are a number of conforming amendments which properly standardize various provisions of title 10, USC., and title 38 USC., in regard to the MGIB. As a result, these Chapter 30 provisions would be applicable to the provision of educational assistance under Chapter 106.

Included in these proposed amendments are provisions which would address the DVA Secretary's administrative authority and provide standard application of requirements for individuals who are incarcerated. Of significant importance is the provision which would provide educational and vocational counseling for Chapter 106 beneficiaries in accordance with existing provisions in Section 1663 of Chapter 34. Such counseling represents a good investment in the educational future of a student and, as eligibility for Chapter 34 expires on December 31, 1989, should not have a considerable impact on the caseload of Veterans' Services Division or Vocational Rehabilitation & Education Service.

We wish to emphasize, at this point, the importance of a good working relationship between the Veterans' Benefits Administration and the various Selected Reserve elements. We applaud the efforts of the Chief Benefits Director to improve the handling of reservists' Chapter 106 claims by promoting "a mutual framework for cooperation between the agency and the National Guard".

SECTION 3. Prohibition of Receiving Credit Under Two Programs

This proposed amendment prohibits the duplication of benefits under Chapter 32 (VEAP) and Chapter 106 based on the same period of service. Specifically, an individual serving in the Selected Reserve may not receive credit for such service under both Chapter 32 and Chapter 106. Rather, the individual must elect the program to which such service is to be credited. This is in keeping with the intent of existing provisions already established in Section 1433 of Chapter 30. PVA concurs with this amendment.

SECTION 4. Secondary School Requirements

Title 38, USC., presently allows the requirement of a secondary school diploma to be met by successfully completing the equivalent of 12 semester hours in a program of education leading to a standard college degree for Chapter 34 participants. Your proposed amendment would standardize basic educational assistance entitlement for those who first entered active duty after June 1, 1985, and for those with both MGIB entitlement and Chapter 34 entitlement. Such individuals would be permitted to meet the existing requirements for a secondary school diploma by doing so before the original ending date of the initial obligated period of active duty. PVA concurs with this amendment.

SECTION 5. Vietnam Era GI Bill Eligibility for Certain Service Academy Graduates

This section of H.R. 1358 corrects a long-standing inequity which has affected the service academy graduates from the classes of 1977 and 1978. Your bill properly extends Chapter 34 eligibility to those cadets and midshipmen who commenced their third academic year before January 1, 1977. Chapter 34 eligibility would also be made available to members of the Senior Reserve Officer Training Corps who had commenced their third academic year in a program of educational assistance under Section 2104 or 2107 of title 10.

PVA has supported similar legislation in the past that extended Chapter 34 benefits only to the above individuals who had elected to participate in VEAP. In view of the fact that Chapter 34 benefits will expire at the end of this year, we believe the extension represents a reasonable response to all those academy graduates from 1977 and 1978 who were denied the use of the Vietnam Era GI Bill. Obviously, in the case of those individuals who did choose to participate in Chapter 32, an election must be made to disenroll from VEAP and appropriate refunds paid out.

SECTION 6. Rates of Rehabilitation Subsistence Allowances for Veterans with Service-Connected Disabilities

Mr. Chairman, one of the most important services provided by the Veterans' Benefits Administration is the vocational rehabilitation of our service-disabled veterans. Helping these individuals to achieve maximum independence in daily living, to become employable, and to obtain and maintain suitable employment, greatly benefits both the individual veteran and our nation as a whole. Restoring disabled veterans to the status of economically productive, tax paying workers represents an excellent investment in Government expenditures. Section 6 of your bill would provide a 5% increase in the subsistence allowance provided under the Chapter 31 program. This increase comes at a time when costs associated with an individual's education have far exceeded the Consumer Price Index and normal inflation. PVA remains grateful for your concern for this program. Without adequate subsistence payments to supplement tuition, books, and fees, a disabled veteran will most certainly experience increasing financial pressures over the course of the rehabilitation process. The Government's investment in these veterans should not be allowed to erode because subsistence allowances have not kept pace with other rising costs. PVA believes the proposed increase is absolutely necessary.

SECTION 7. Rates of Educational Assistance for Survivors and Dependents

H.R. 1358 would also provide a 5% increase in the rates paid for educational assistance to the survivors and dependents of those veterans who died as the result of a service-connected disability or who are rated 100% disabled. These increased rates will help offset the rapidly increasing costs of educational expenses. In the absence of D.I.C. reform and supplemental VA life insurance, the Chapter 35 program takes on additional significance. Through this program, the dependents of a severely disabled veteran can pursue an education without depleting the family's savings or without accumulating significant debt. To care for "...his widow and his orphan" must be the objective.

SECTION 8. Certain State Agency Expenses

Title 38 presently states that the Secretary shall cooperate with State Approving Agencies in developing and implementing a uniform national curriculum for training new employees and for continuing the training of employees of such agencies. The legislation before us today would clarify that the funding for this development and implementation could come from amounts made available to the State Approving Agencies by the Secretary. PVA concurs with this provision.

Conclusion

I wish to take this opportunity to thank this Subcommittee for the advancements made in DVA education programs during the 100th Congress. The contributions to our society, stemming from the various GI Bills, have strengthened our national economy, our national defense, and the lives and welfare of generations of American veterans and their families.

As the Vietnam Era GI Bill comes to an end later this year, the Montgomery GI Bill must carry on the tradition of excellence in DVA education programs. In terms of Federal educational assistance, there should never be any doubt that those who serve their country in the US Armed Forces should benefit from a program second to none.

Mr. Chairman, that concludes my testimony. I will be glad to answer any questions you may have.

VETERANS OF FOREIGN WARS OF THE UNITED STATES

OFFICE OF THE DIRECTOR

STATEMENT OF

JAMES N. MAGILL, DIRECTOR
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

H.R. 1358
A BILL TO AMEND THE "MONTGOMERY G.I. BILL"

WASHINGTON, D. C. APRIL 6, 1989

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Thank you for the privilege of appearing before this distinguished Subcommittee to present the views of the Veterans of Foreign Wars of the United States with respect to H.R. 1358, a bill introduced by you as well as the Chairman and Ranking Minority Member of the full Committee, which would amend the "Montgomery G.I. Bill".

At the outset, I would like to commend the Chairman for holding this hearing, demonstrating his and the Subcommittee's continuing concern for our nation's veterans.

Mr. Chairman, since its enactment, the New G.I. Bill has been a resounding success. In previous testimony before this Subcommittee, the VFW has stated this program is dollar for dollar the most cost-effective means of recruitment now in existence. We are also convinced the program is, across-the-board, the best educational incentive the Department of Defense has to offer today. Furthermore, this educational benefit program is paying for itself by improving recruiting quality and reducing turnover in personnel.

The Congress recognized the value and merits of the New G.I. Bill by passing legislation to make it a permanent program as well as renaming it the "Montgomery G.I. Bill". Today, the "Montgomery G.I. Bill" is exceeding all expectations. Approximately 90 percent of all new Army recruits are signing up. The other service branches all boast of having over a 50 percent participation rate. Overall, almost 70 percent of the members of the Armed Forces are participating in the "Montgomery G.I. Bill". Since the program began in July 1985, almost one million active duty personnel have opted to participate.

Mr. Chairman, in your letter of invitation to appear before this Subcommittee today, you have asked the VFW to comment on H.R. 1358 which would amend the "Montgomery G.I. Bill". Specifically, this bill would: (1) provide that a new 10-year delimiting date can only begin following a period of active duty of at least 90 days; (2) provide that individuals eligible for benefits under chapter 106, title 10, USC (MGIB-Guard and Reserve) may pursue the same sorts of programs as those approved for chapter 30, title 38, USC; (3) bar receipt of benefits for chapter 32 (VEAP) and chapter 106 based on the same period of service; (4) allow the requirement of a secondary school diploma to be met by successfully completing the equivalent of 12 semester hours in a program of education leading to a standard college degree before the original ending date of the individual's initial obligated period of active duty; (6) provide that 1977 and 1978 graduates of the military academies would be eligible for benefits under the Vietnam Era GI Bill; (6) increase by 5 percent the subsistence allowances under the vocational rehabilitation program; (7) increase by 5 percent the rates of educational assistance under the program of education for survivors and dependents; and (8) clarify that funding for the development of a national curriculum for State Approving Agencies could come from the amounts made available to the State Approving Agencies by the Secretary.

Mr. Chairman, the VFW believes the provisions of H.R. 1358 will enhance the "Montgomery G.I. Bill" and provide greater access to the program by our Armed Forces personnel. Therefore, we support the enactment of H.R. 1358.

We again commend this Subcommittee for its efforts in providing our nation's veterans the opportunity to attend an institution of higher learning. If it were not for this Subcommittee and for that matter the full Veterans' Affairs Committee, the chance to attend a college or university for many young people would only be a dream.

This concludes my statement, Mr. Chairman, and I will be happy to respond to any questions you may have. Thank you.

STATEMENT BY

MAJOR GENERAL ROBERT F. ENSSLIN, JR., FLARNG

CHAIRMAN

RESERVE COMPONENT ADVISORY COMMITTEE

ASSOCIATION OF THE UNITED STATES ARMY

Mister Chairman and Members of the Subcommittee:

Thank you for this opportunity to express the views of the Association of the United States Army on proposed amendments to the Montgomery GI Bill as reflected in H.R. 1358.

While all of the amendments addressed in the bill are noteworthy we are most concerned with the provisions of Section 2, which provides equity of educational training opportunities for members of the National Guard and Army Reserve in their use of the Montgomery GI Bill.

Ever since the advent of the Total Force we have supported the idea of equity in the provision of entitlements and benefits. The process of achieving that has been slow and laborious, but there has been progress in the areas of special pay, exchange and commissary benefits and family quality of life programs.

Selected Reserve units will benefit by the Section 2 amendment that offers vocational, technical and graduate education benefits through participation in the Montgomery GI Bill.

There is no doubt that Reserve Component GI Bill incentives have markedly assisted Guard and Reserve recruiting and retention. But, while some may say that the Reserve Component is meeting its enlisted end strength objectives without these added incentives, we refer them to a statement provided by Lieutenant General Allen K. Ono, Deputy Chief of Staff for Personnel, U.S. Army, on 7 March 1989, before the Defense Subcommittee on Appropriations, House of Representatives, wherein General Ono testified that "Army National Guard and Reserve recruiting missions are also at risk. They too need continued funding of incentive programs..."

End strength problems begin slowly and are difficult to control as they gain momentum. Neither the Army National Guard nor the Army Reserve met their first term, non prior service accession objectives during fiscal year 1988, because incentives were unavailable during the first quarter. Yes, they did enlist quality personnel; eighty-five percent were high school graduates and eighty-six percent scored average or above on the Armed Forces Qualification Test. However, just as the active component is seeing the first signs of recruiting problems, similar signals are appearing in the Reserve Component.

The Army wants quality people, especially those who place a value on education and the opportunity that education returns to them. We already know that because of demographic changes there will be critical shortages of technically literate workers in the future. This will manifest itself in a reduced ability of our enlisted personnel to operate weapons and diagnostic repair systems. It is incumbent upon us to attract, train and retain those most able to assimilate the training needed for our Army to be technically proficient.

The same rationale exists for those interested in vocational and or graduate education. That thirst for education can only make the Army better and certainly provides the sort of incentive that General Ono spoke about last month to other members of the House.

Equity is the most important factor here, and because we feel strongly about that we are of course in favor of Section 1 which delimits the period of eligibility; Section 3 which prohibits receipt of dual benefits for the same period of service; and Section 5 which allows certain 1977 academy and college Senior ROTC graduates to receive educational benefits.

The Association of the United States Army supports the various amendments offered in H.R. 1358 and is appreciative of the committee's efforts in behalf of the Guard and Reserve.

NCOA

Non Commissioned Officers Association of the United States of America

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Statement of

Charles R. Jackson
Executive Vice President

before the

Subcommittee on Education, Training, and Employment
Committee on Veterans' Affairs
U.S. House of Representatives

on

MGIB Improvements

April 6, 1989

Mr. Chairman. The Non Commissioned Officers Association of the USA sincerely appreciates this opportunity to comment on proposed improvements in the Montgomery G.I. Bill and other education programs. In addition to commenting on the legislation under consideration NCOA has several recommendations to offer concerning education programs.

H.R. 1358

This bill has several provisions regarding various education programs. Perhaps the best way to address the issues is to comment on the bill section by section.

Section one would require a member to serve at least 90 days on active duty before a new 10-year delimiting period can begin. Ninety days of additional active service seems a reasonable contribution from those who would benefit from a new delimiting period.

Section two provides equity in training opportunities under the reserve and regular service provisions of the Montgomery G.I. Bill. Under current law enrollment under the provisions of the reserve program is limited to undergraduate studies. Enactment of this provision would allow participants in the program to enroll in other forms of study including vocational and post graduate training. Accordingly, NCOA strongly supports this position.

Section three would bar the concurrent earning of benefits under the reserve program of the Montgomery G.I. Bill and the Veterans' Educational Assistance Program based on the same period of service. Unfortunately the law currently allows for this overlap and while to some it might seem an exploitation of an oversight, NCOA does not believe current beneficiaries of the program should be penalized. Accordingly, the Association does not object to the change proposed by this provision but requests that current participants be grandfathered.

Section four modifies the secondary school diploma requirement slightly to liberalize benefit eligibility. NCOA supports this endeavor.

Section five would grant Vietnam Era G.I. Bill eligibility to 1977 and 1978 graduates of the military academies on the basis that they were already committed to service at a time when the program was terminated. NCOA does not support the extension of new Vietnam Era G.I. Bill benefits to any servicemembers or veterans until the association is assured that all Vietnam era veterans currently eligible for such benefits will receive the full ten year delimiting period for use of their benefits.

Sections six and seven of H.R. 1358 propose increases of five percent in benefits paid under the vocational rehabilitation program and the widows and orphans education program. It has been so long since benefits under these programs have been adjusted that five percent could hardly be deemed adequate. In view of the current budget situation however, it is an acknowledgment of the necessity to do something to preserve these important programs. NCOA appreciates and supports the proposed increases.

The last section of the bill clarifies that funding provided to state approving agencies may be used to develop a national curriculum for their use. NCOA concurs.

In summary NCOA strongly supports H.R. 1358 with the exceptions noted in sections three and five.

DELIMITING DATE

Mr. Chairman, NCOA is becoming increasingly concerned about the fate of Vietnam Era G.I. Bill veterans who will lose their education benefits this year. Under current law, all Vietnam Era

99-552 - 89 - 5

G.I. Bill benefits will expire on December 31, 1989. For several years NCOA has criticized this arbitrary termination date because it deprives many veterans of a full ten year delimiting period to use their benefits. Particularly hard hit are those veterans who enlisted prior to or during the height of the Vietnam War who were discharged from service between 1985 and 1988.

When the MGIB was first drafted, its provisions provided for the automatic conversion of Vietnam era education benefits to benefits under the new program for those who were still on active duty on the date of enactment. A subsequent Senate amendment to the proposal required Vietnam veterans to serve three years between July 1, 1985 and June 30, 1988 to become eligible for the converted benefits. While the additional service requirement may not sound like much it was an impossible goal for many Vietnam veterans because of service personnel policies.

A very visible example of this personnel trap is former Sergeant Major of the Army Glen E. Morrell. Forced to retire because of service personnel policy at the end of his term as Sergeant Major of the Army in June 1987, this distinguished veteran is being denied the 10 year education period afforded other veterans. But he is only one example of a much larger and more obscure problem. Each service has an established set of high-year-tenure rules which govern the separation of enlisted personnel.

For example, most services limit people in pay grade E-6 to twenty years of service. If an E-6 reached twenty years of service between July 1, 1985 and June 30, 1988, separation was virtually automatic notwithstanding any personal desire the individual might have had for continued service.

Mr. Chairman, NCOA urges the committee to provide Vietnam era veterans the full ten year delimiting period for use of education benefits. This can be done in one of two ways: either by extension of the December 31, 1989 program cut-off date or by providing for conversion to the Montgomery G.I. Bill on January 1, 1990 for any unused benefits.

FEE ELIMINATION

NCOA continues to contend that participation fees required for enrollments in the MGIB tend to discriminate against married and economically disadvantaged recruits. Almost one-third of new recruits are married. Moreover, as the services continue to experience recruiting and retention problems this number may rise. Under current law all recruits are required to forfeit almost 20 percent of monthly pay for eligibility in education benefits. This is just too large a burden for many to bear.

The original draft of the MGIB did not propose a participation fee. Once again, this is a product of Senate amendment. In the Association's opinion it was a bad amendment, and one which will be deemed worse with time and recruiting shortfalls. Accordingly, NCOA urges the committee to advance legislation to eliminate participation fees. If this is not economically feasible, NCOA implores the committee to revisit the issue of extending the pay forfeiture over a longer period of time to minimize its impact on pay. And, the committee might consider opening enrollment at reenlistment. Since a stated goal of the program is recruiting and retention of qualified servicemembers, why not allow an individual who has completed one enlistment to reconsider initial participation at reenlistment when such participation becomes more economically feasible.

Finally, with regard to fees, Public Law 100-689 created a death benefit based on participation in the Montgomery G.I. Bill for servicemembers who die on active duty. Fundamentally this law provides for a gratuitous payment to the next of kin in an amount equal to any pay forfeiture made by the servicemember for MGIB eligibility less any benefits the servicemember might have received under the program. NCOA strongly recommends that these

provisions be extended to veterans who are separated from service or retired for disability who subsequently die from a service-connected cause. In our opinion, a veteran who dies from a service-connected cause has died in the service of his country just as if he or she had died on active duty. The program should not profit from their death. Accordingly, NCOA asks that the death benefit provisions be expanded to cover service-connected disabled veterans.

VEAP ELIGIBLES

When the MGIB was created it envisioned the inclusion of servicemembers recruited between January 1, 1977 and June 30, 1985. Once again, by Senate amendment, these individuals were excluded. As the committee may recall the late 1970's and early 1980's represented some lean times in military retention and recruiting. Those were the days when ships could not put to sea for lack of experienced crewmen, Army Chief of Staff, Edward (Shy) Myer referred to his service as a "Hollow Army" because of the experienced NCO's it lacked, etc. The people that joined the services in those difficult years are the ones we risk losing today. They have the corporate knowledge to remember those issues which drove their predecessors from the force in such large numbers. And they have the added issue of being snubbed on education benefits. We urge the committee to remove this inequity and allow VEAP eligibles to enroll in the MGIB even if it requires additional service or fee conversions.

CONCLUSION

Mr. Chairman, with the presence of the "Education President" in the White House, Congress has a unique opportunity to provide improved education benefits to veterans and servicemembers. Certainly no other group of Americans is so richly deserving of the best education benefits government can provide. Hopefully Congress will capitalize on this opportunity perhaps by studying the best aspects of vocational rehabilitation, widows and orphans benefits, Vietnam Era and MGIB benefits and even VEAP in an effort to develop a universal education program which treats all veterans equally.

Thank you.

STATEMENT BY

MAJOR GENERAL BRUCE JACOBS

ASSISTANT EXECUTIVE DIRECTOR

of the

NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

to the

Subcommittee on Education, Training and Employment

of the

House Committee on Veterans' Affairs

6 April 1989

Mr. Chairman, and members of the subcommittee, I sincerely appreciate this opportunity to present the views of the National Guard Association of the United States on proposed changes to the Montgomery GI Bill.

THE ROLE OF THE NATIONAL GUARD

The role of the National Guard has expanded significantly since introduction of the Total Force Concept in the early 1970s. While the National Guard remains the primary early mobilization force in the event of a national emergency, it also has grown to be a critical segment of our nations' conventional warfighting forces needed in any limited or regional conflict. Even limited engagements will require involvement of the National Guard at a very early stage.

Many elements of the Army and Air National Guard are tasked in contingency plans for use within 72 hours of the start of a conflict. National Guard units are tasked in all major theater wartime scenarios throughout the world. The National Guard provides forward defense and early deploying units with missions that range from early commitment in combat to sustaining theater combat, combat support and combat service support forces.

Army National Guard forces include armor, infantry and artillery forces and aviation units with attack, lift and support missions. The Army National Guard also contributes significant signal, maintenance, transportation and other theater support forces.

The Air National Guard provides alert forces for CONUS air defense and strategic tanker support, as well as providing early deploying tactical fighter, tactical reconnaissance and tactical and strategic airlift forces. It also provides a significant portion of the Total Air Force combat communications, engineering and weapons control capability.

The contribution of the National Guard to the nation's conventional forces is measured in terms of immediate response to contingencies and early deployment in the event of mobilization. With these missions the National Guard can no longer be considered a force in reserve unavailable until well after the start of a conflict.

STATUS OF THE GUARD

With its expanding role, the National Guard must attain and maintain a high level of mission readiness. Units with insufficient manpower, aging equipment, or less than fully trained or maintained forces will be less effective in performing their mission. The primary goal of the National Guard Association of the United States is to insure that the National Guard portion of the total conventional force is, in fact,capable and ready. The increased levels of mission and training activi- ties, which have developed as a result of the expanding role of the National Guard, have generated growing manpower, equipment and training requirements. Therefore, we intend to concentrate our efforts toward the allocation of the manpower, equipment, training and facilities needed to accomplish wartime missions. In addition, we will continue to address improvement in personnel benefits and entitlements, especially in the areas of education and survivor benefits.

MANPOWER REQUIREMENTS

Although equipment and training are essential ingredients of wartime readiness, probably the most important element in producing combat ready National Guard units is the ability to recruit and retain the required numbers of quality personnel. While the National Guard has been able to meet its approved manpower goals in recent years, increased reliance on the Guard has placed even greater demands on recruiting and retention to meet both the full-time support and total Selected Reserve strength requirements.

At the end of FY 1988, the Army National Guard had attained a total strength level of 455,182, including 25,659 full-time Active Guard/Reserve (AGR) members and 28,385 military technicians. The Air National Guard ended FY 1988 with a strength level of 115,221, including 7,709 AGR members and 23,409 technicians. In FY 1989, the Army Guard is programmed to grow to a total strength level of 457,300 with 25,914 AGR members and 28,120 military technicians. The Air Guard figures are 114,975 total strength, with 7,948 AGR and 23,644 technicians. Continued growth is programmed through the five year defense program (FYDP). Effective recruiting and retention efforts will be critical if we are to achieve the desired strength and maintain the readiness of the National Guard and the Total Force.

RECRUITING AND RETENTION INCENTIVES

There are a number of incentives that have been helpful in achieving required strength goals. They include enlistment and reenlistment bonuses, tuition assistance and educational loan repayment programs. Some have been developed to serve a special purpose and are targeted to specific critical skills or occupations, such as medical skills.

The bonus and tuition assistance programs are certainly important parts of the overall incentive package for recruiting and retaining high-quality targeted segments of the civilian population. They have been instrumental over the past few years in helping to reduce the shortage in many critical skill specialties. Their effectiveness has been hampered, however, by limited periods of authorization and limitations on eligibility for participation in certain programs.

Those incentives that have proven to be effective should be made permanent. The lapse in authority for enlistment and reenlistment bonuses in late 1985 and again in 1987 resulted in a great deal of turbulence and confusion. The indefinite status of these programs is harmful to day-to-day recruiting and retention activities. We would hope that this recurring problem could be resolved.

Educational assistance through the Army Continuing Education System (ACES) is available to all members of the active Army and to members of the Army National Guard and Army Reserve except for officers on active duty or AGR status and all Guard and Reserve warrant officers. The program also prohibits all Army Guard and Reserve personnel from receiving tuition assistance for graduate studies. Legislation to amend Section 2007, Title 10, USC to entitle all members of the Army Guard and Army Reserve to the same ACES opportunities currently afforded to the active component, and to most Guard and Reserve soldiers, would be helpful.

MONTGOMERY GI BILL

Although it is not targeted toward specific specialties, the Montgomery GI Bill for the Selected Reserve has proven to be an extremely valuable incentive for across-the-board recruitment and retention within the National Guard. By providing education assistance, it serves as a very effective attraction to college oriented individuals. It promotes the Guard/Reserve all-volunteer program by assisting in recruitment of high-quality personnel. It also improves retention through the six-year enlistment/reenlistment requirement and by authorizing participation only while in Selected Reserve status.

In FY 1984, prior to the GI Bill, 37 percent of all enlistments and 50 percent of all reenlistments in the Air National Guard were for six years. The FY 1988 percentages increased to 60 percent for enlistments and 61 percent for reenlistments. Since the implementation of the Montgomery GI Bill in July 1985, the ratio for extensions in the Army National Guard for six years instead of three years has risen from 3:1 to 10:1. In part, these improvements can be attributed to the GI bill, as well as increased bonus rates and other factors.

H.R. 1358

The proven effectiveness of the Montgomery GI Bill for the Selected Reserve as a tool for improving overall quality manning and readiness of the Guard and Reserve is limited by the exclusion of certain types of educational assistance. Expansion of the programs of education available to Guard and Reserve members to emulate those available to active members under Chapter 30, Title 38 would make the program more effective. Some of our vital readiness skills require hands-on vocational or advanced degree studies.

We strongly support the provision of Section 2 of H.R. 1358. We believe Guard and Reserve participants under Chapter 106 should be given the same educational options provided to Chapter 30 participants. That is, the program should be expanded to include vocational training and graduate studies. Section 2 of the Bill would accomplish that goal.

Expansion of the Chapter 106 program would be consistent with the requirements of advanced technology and quality leadership in today's environment. The technical advances in equipment and training within the Army and Air National Guard require personnel with advanced levels of experience for successful operation. Some of our vital readiness skills require a hands-on vocational education learning environment rather than academic classroom situations. As has been demonstrated under previous GI Bills, vocational education can be a cost effective avenue to a ready force and an improved civilian workforce.

The graduate level benefits would be particularly attractive to the Guard and Reserve participants. They are faced with combined pressures for additional education from their civilian employers and military commanders. A logical secondary by-product of graduate studies coverage would be enhanced employer support because of the quality of individual experience being gained by employees through affiliation with the Guard and Reserve.

In closing, let me reiterate that the National Guard Association fully supports the Montgomery GI Bill as it is currently written. We also support the desires of the members of this Committee to continually evaluate measures that would strengthen the Bill. For example, the decision by the previous Congress to make the legislation permanent and to provide for enrollment on less than a half-time basis has significantly enhanced the program's stability and appeal. This type of commitment from Congress to more effective recruiting and retention programs is, in and of itself, a contribution to morale and readiness. The value to the military and the nation should far exceed the cost of program changes, through higher retention, increased readiness, and eventual pay back through a higher-educated populace. We believe the same would be true of the proposed improvements in this Bill.

Mr. Chairman, we are grateful for the support which you and the members of this subcommittee have provided in the past, and we look forward to your continued support of National Guard requirements in the future.

STATEMENT BY

SERGEANT MAJOR JIM HENDRICKS

EXECUTIVE DIRECTOR

of the

ENLISTED ASSOCIATION OF THE NATIONAL GUARD
OF THE UNITED STATES (EANGUS)

to the

Subcommittee on Education, Training & Employment

of the

United States House of Representatives

EXPANSION OF THE MONTGOMERY GI BILL

Existing limitations which exclude certain types of educational assistance for members of the National Guard and Reserve undermine the full potential of the time-tested Montgomery GI Bill which has proven to be an effective tool for improving the overall quality manning and readiness of our Armed Services.

As our Nation's reliance upon our Guard and Reserves continues to increase, expansion of Chapter 106, title 10 USC to emulate the categories of educational assistance contained in Chapter 30, title 38 USC is paramount if we are to realize the full potential of these programs within the National Guard and Reserves.

However, attempts to reduce program costs by linking educational benefits to military readiness skills may be ill-conceived. First, by setting an undesirable precedent by permitting military readiness needs to influence the individual's educational decision. Secondly, due to the mobility of our society few members of the Reserve Components remain with the same unit throughout their career. Consequently, the time and money invested to train an individual for a unit's readiness skill requirement would be lost upon the member's transfer to another unit.

We strongly urge Congress to expand the Montgomery GI Bill, without further qualifications; to provide the same categories of educational benefits as now provided to active component members under Chapter 30, title 38 USC.

The opportunity to present the views of the Enlisted Association of the National Guard of the United States is sincerely appreciated, as is the strong support of Congress and DoD in providing resources which have enabled the National Guard to continue to expand its role as a member of the Total Force.

STATEMENT OF THE MILITARY EXECUTIVE
OF THE RESERVE FORCES POLICY BOARD
OFFICE OF THE SECRETARY OF DEFENSE

MAJOR GENERAL WILLIAM R. BERKMAN
UNITED STATES ARMY

BEFORE THE SUBCOMMITTEE ON EDUCATION,

TRAINING AND EMPLOYMENT OF THE

COMMITTEE ON VETERANS' AFFAIRS

HOUSE OF REPRESENTATIVES

FIRST SESSION 101ST CONGRESS

April 6, 1989

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE VETERANS' AFFAIRS COMMITTEE

Mr. Chairman and members of the Committee:

On behalf of Chairman Will Hill Tankersley and the members of the Reserve Forces Policy Board (Board) it is a pleasure to present the views of the Board on some of the amendments being proposed to the Montgomery GI Bill. These views represent those of the members of the Board and do not necessarily reflect the official opinion of the Department of Defense, the Administration, or any other department or agency of the United States government.

The Board acting through the Assistant Secretary of Defense for Reserve Affairs, "is the principal policy adviser to the Secretary of Defense on matters relating to the reserve components." (10 USC 175(c)).

The reserve components are essential elements of the Total Force upon which our country relies for national security. Achieving and maintaining required readiness of National Guard and Reserve units requires qualified men and women who are trained and physically fit to fight and win.

The Montgomery GI Bill is an important incentive for recruiting and retaining young men and women for the Total Force. The Board believes that the Montgomery GI Bill would be even more effective if it were amended to provide benefits for members of the reserve components attending trade or vocational schools.

The Annual Report of the Board for Fiscal Year 1988 was submitted by the Secretary of Defense to the President on February 22, 1989. The report reviews the current status of our reserve components which are now essential elements of our Total Force and vital to our national security. The report states:

> "The Montgomery GI Bill is a major program supporting reserve component recruiting and retention. For the National Guard and Reserve, it is a non-

contributory, general entitlement program. Reserve component personnel become eligible for education benefits after obtaining a high school diploma, or its equivalent, and completing initial active duty for training. They are also required to enlist or agree to serve in the Selected Reserve for six years. Participants who remain members of the Selected Reserve have up to 10 years after becoming eligible for the assistance to use the full entitlement.

"...Funded study must be at an approved institution of higher learning and is basically for a baccalaureate degree. The Board supports amending the law to provide benefits for reserve component members attending trade or vocational schools.

"Participation in the Montgomery GI Bill has shown steady growth since its inception in July 1985. The six-year commitment required of Montgomery GI Bill participants provides for personnel stability which enhances mobilization readiness....

"The Board recommends: ...

--continued funding for incentive programs and that the Montgomery GI Bill be amended to provide benefits for attending trade or vocational schools."

The Montgomery GI Bill has proved to be an important tool in supporting enlistment and retention of members of the reserve components. Expanding its provisions to cover reserve component members who seek education in trade or vocational schools will make it an even more effective incentive for service in the reserve components.

Thank you Mr. Chairman.

Reserve Officers Association of the United States

THE PROFESSIONAL ASSOCIATION REPRESENTING ALL MILITARY OFFICERS
ARMY ★ NAVY ★ AIR FORCE ★ MARINE CORPS ★ COAST GUARD ★ PUBLIC HEALTH SERVICE ★ NOAA

April 4, 1989

The Honorable Timothy J. Penney
Chairman
Subcommittee on Education, Training, and Employment
Committee on Veterans Affairs
U. S. House of Representatives
335 Cannon House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for your letter of March 23, 1989, offering the Reserve Officers Association an opportunity to testify on H.R. 1358, to amend Title 38 U.S.C., with respect to the Montgomery GI Bill and for other purposes.

A copy of our testimony is enclosed and I would appreciate your making it a part of the record of the hearing on this legislation which you have scheduled for April 6, 1989.

Sincerely,

Evan

Evan L. Hultman
Major General, AUS (Ret.)
Executive Director

ELH:ala
Enclosure

Statement of

Major General Evan L. Hultman, AUS (Ret.)

Executive Director

Reserve Officers Association of the United States

Before the

Subcommittee on Eduction, Training and Employment

House Veterans Affairs Committee

Concerning H.R. 1358

April 6, 1989

Mr. Chairman and Members of the Committee:

Thank you for providing this opportunity to represent the many men and women from all of the uniformed services who are members of the Reserve Officers Association (ROA).

ROA would also like to thank this Committee for the actions that it has taken in the past in providing educational opportunities for our military personnel, both active and Reserve, and we appreciate having the opportunity today to comment on proposed legislative changes to this important program.

As you know, ROA worked with many of you to make the new GI Bill legislation a reality. We supported the test program several years ago and then worked with you in support of legislation to make the Montgomery GI Bill permanent legislation.

From all reports that the Reserve Officers Association has received the Montgomery GI Bill is having a positive impact on the quality of recruits entering both the active and Reserve forces. As we have testified in the past, certain minor shortcomings are becoming evident which deserve further legislative attention. Thus, at the ROA annual national convention in 1987, the membership endorsed the need for certain improvements. A copy of that resolution (87-22), is attached to my testimony and we are glad to note that the death benefit provision was enacted last year. However, the Reserve Officers Association, in Resolution 87-22, also supports a legislative change which would permit Reservists to use the Montgomery GI Bill for post graduate training. We believe this would be an incentive to attract and retain college graduates into Reserve programs. In addition, ROA is on the record supporting the recognition of on the job training, correspondence schools, and apprenticeships, as authorized programs under the Montgomery GI Bill. This aspect of ROA's resolution addresses the fact that there are many skilled, technically oriented positions within the Reserve where such training courses could be utilized to raise the overall effectiveness of the Reserve Components.

We realize that there are several other issues which the Committee will address in the bill presently before it (H.R. 1358). However, the Reserve Officers Association has not taken an official position on the other provisions contained in this proposal. We do recommend that this Committee work with the uniformed leadership of the services in adopting, rejecting, and/or modifying these other provisions so that the final legislative package presented to the Congress will best meet the personnel needs of the separate services, both in their active and Reserve Components.

Thank you for the opportunity to present ROA's views. Your continued support of the men and women who are wearing and who have worn the uniform of our country, both active and Reserve, is deeply appreciated. I will be happy to answer any questions you may have.

Resolution No. 87-22
(Military Compensation/Benefits)

RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

The New GI Bill

WHEREAS, the FY85 Defense Authorization Act (PL98-525) provided for establishment of a new educational assistance test program effective through 30 June 1988 for Active and Reserve Components; and

WHEREAS, the President has signed into law HR 1085 (PL 100-48) which makes permanent the New GI Bill entitlement; and

WHEREAS, this permanent legislation does not permit Reservists to use the GI Bill for post graduate training which would be an incentive to attract and retain college graduates into Reserve programs; and

WHEREAS, the New GI Bill legislation contains no provisions permitting a refund of the member's cost even if the service member, due to death or other cogent reasons, is unable to use the benefit (applicable only to the Active Component); and

WHEREAS, on-the-job training, correspondence schools, and apprenticeships are not authorized training courses under the New GI Bill;

NOW, THEREFORE, BE IT RESOLVED, that the Reserve Officers Association of the United States, chartered by Congress, urge the Congress to make such legislative improvements as are required to permit the New GI Bill to be used by Reservists for post-graduate educational purposes, to permit the refund of the contribution in the event of death or other qualifying reasons, and to recognize on-the-job training, correspondence schools, and apprenticeships as authorized programs under the New GI Bill.

(This supersedes Resolution No. 86-6)

Adopted by the National Convention
4 July 1987

Attest: Evan L. Hultman
Evan L. Hultman
Major General, AUS (Ret.)
Executive Director

STATEMENT OF REPRESENTATIVES OF THE SERVICE ACADEMY
CLASSES OF 1977 AND 1978
BEFORE THE HOUSE VETERANS AFFAIRS SUBCOMMITTEE ON
EDUCATION, TRAINING & EMPLOYMENT

RESPECTFULLY SUBMITTED BY LEO CULLINAN, USMA '77;
PETER W. GRIEVE, USNA '77; RICHARD JESMONTH, USNA '78;
JOSEPH E. SCHMITZ, USNA '78; DANIEL J. SCHULTZ, USMA '78;
THOMAS K. SLATTERY, USAFA '77; AND MARC WATSON, USNA '77

Mr. Chairman and Members of the Committee:

On behalf of the many 1977 and 1978 service academy graduates who were retroactively excluded from the veterans' educational benefits being offered when we made our active duty service commitments in 1975 and 1976 respectively, we want to express our sincere gratitude for your sponsorship and introduction of H.R. 1358. Section 5 of H.R. 1358 will restore the original package of educational benefits we were eligible for when we made our active duty commitments.

For the past twelve years, 1977 and 1978 service academy graduates have diligently sought administrative and legislative remedies that would restore our eligibility for these lost benefits. Congressman Lagomarsino introduced our first bill less than five months following graduation of the class of 1977. At least four more corrective bills were introduced between 1979 and 1987. During the same period, at least three academy graduates pleaded their individual cases before the Board of Veterans Appeals. These legislative and administrative efforts reflect the work of

numerous graduates who have invested their own time and energy to correct the problem.

We would like to briefly address three key issues: (1) the inequities involved; (2) the evidence that retroactive exclusion was never intended; and (3) the cost estimates for rectification. In summary, Section 5 of H.R. 1358 will remedy an inequitable situation resulting from a technical oversight in the 1976 G.I. Bill repeal. The rectification will cost very little and will send a very positive message to American servicemembers and veterans alike -- that the Federal Government will honor its commitments to all those who volunteer for active duty in the Armed Forces and thereafter serve honorably.

Inequities

Nobody disputes that the 1976 retroactive exclusion of firmly committed servicemembers resulted in inequities. In fact, the Administrator of Veterans Affairs warned about this precise type of inequity in a letter to the Chairman of the House Committee on Veterans Affairs in July of 1975:

> Many . . . men and women have enlisted in anticipation of receiving GI Bill benefits provided by current law. If they are not afforded this benefit, the Defense Department will have violated their advertised incentive and would, possibly, be obligated to release them from their active duty commitment.

H. Rep. No. 487, 94th Cong., 1st Sess. 22 (1975). Another Administrator of Veterans Affairs, Mr. Harry Walters, endorsed passage of legislation practically identical to Section 5 of H.R. 1358 introduced during the 100th Congress by the Honorable Robert Dornan. In a July 8, 1987 letter addressed to the Chairman of the House Veterans Affairs Committee, Mr. Walters stated:

> The proposed bill does nothing more than restore G.I. Bill eligibility to those service academy cadets and midshipmen who had entered the armed forces and had made seven-year active duty commitments prior to the 1976 repeal. In many cases, these commitments were based upon, among other considerations, the induced expectation of G.I. Bill eligibility.

> While it is quite clear from the legislative history that Congress did not intend to retroactively exclude any servicemembers from the Vietnam Era G.I. Bill, the 1976 repeal simply failed to address the issues of academy cadets and midshipmen. These veterans, at the very time the repeal was enacted, were fully fledged members of the armed forces, serving at the pleasure of the President. They are not seeking any special treatment. Nor is anyone suggesting that academy graduates be given G.I. Bill entitlement credit for their active duty at the service academies.

Letter from Harry N. Walters to the Honorable G. V. (Sonny) Montgomery (July 8, 1987).

In addition to the primary inequity -- retroactive exclusion from a service-inducing benefit -- Section 5 of H.R. 1358 will correct two collateral inequities. First, 1977 ROTC graduates are now eligible for educational benefits while most 1977 academy graduates are not. Ironically, this situation has occurred because most academy graduates had not affiliated with a reserve component prior to 1977 -- they were instead affiliated with an active component, i.e., their respective services through their appointment as active duty cadets or midshipmen at one of the service academies. The exclusion of academy graduates, while grandfathering ROTC graduates, bears no rational connection to the express purposes of the Vietnam Era G.I. Bill, one of which has always been to assist active duty servicemembers in their readjustment back to civilian life. Johnson v. Robison, 415 U.S. 361, 378 (1974) ("the aim of the [Vietnam-era G.I. Bill] was to assist those who served on active duty in the Armed Forces to 'readjust' to civilian life"); see 38 U.S.C. § 101(21)(b) (1982) (service as a cadet or midshipman at one of the service academies is "active duty").

The second collateral inequity derives from the fact that eleven percent of all 1977 and 1978 service academy graduates are already eligible for the Vietnam Era G.I. Bill by virtue of "prior enlisted service." Most of

those already eligible had enlisted for the sole purpose of attending one of the service academy preparatory schools. In other words, a small percentage of the 1977 and 1978 graduates are now eligible for G.I. Bill educational benefits solely because they had an extra year of schooling (at government expense) while the rest of their classmates, who went straight from high school to one of the service academies, are not eligible. There is no rational explanation for this disparate treatment of otherwise identically situated individuals. Section 5 of H.R. 1358 will correct this inequity.

Congressional Intent in 1976

Although there was no mention of academy or ROTC cadets and midshipmen in the repealing legislation (or its legislative history), the clear intent of Congress was to avoid any retroactive application of the repeal. This intent was spelled out most clearly by the then Chairman of the House VA Subcommittee on Education, Mr. Olin Teague, who asserted during floor debate that:

> Nobody in the service today is affected. It only affects those going in the first of January or thereafter. If a conflict develops, . . . Congress would immediately pass another bill.

121 Cong. Rec. 31,835 (1975). This same clear intent was echoed by the President when he signed the repealing legislation into law: "The termination of the existing G.I. Bill program will not affect the eligibility of . . . those presently serving in the Armed Forces." Statement by the President on signing S. 969 Into Law (Oct. 15, 1976); see also Presidential Proclamation that May 7, 1975, is designated the last day of the "Vietnam Era" (May 7, 1975), reprinted in H.R. Rep. No. 487, 94th Cong., 1st Sess. 1-3 (1975) ("I want to emphasize that the termination actions will in no manner impair the eligibility for full wartime benefits of . . . those presently serving in our Armed Forces.")

Cost

The Congressional Budget Office projected the cost of a practically identical Senate bill introduced during the 100th Congress by Senator Alan Cranston to be "significantly less than $1 million in any year, including the first year." As the Vietnam Era G.I. Bill expires at the end of 1989, there will be less than a year left by the time H.R. 1358 is enacted. The "significantly less than $1 million" estimate, therefore, approximates the total cost of H.R. 1358.

We would like to mention three other points related to cost. First, the cost of educational benefits for firmly committed officer candidates in 1976 should already have been part of the projected VA budget. Second, the G.I. Bill typically pays for itself many times over in added tax revenues. See S. Rep. No. 1243, 94th Cong., 2d Sess. 26 (1976) ("For each dollar spent in educational benefits . . . the Federal Government has received from $3 to $6 in additional tax revenue from veterans whose education has given them increased earning capacity."). And third, while the cost of restoring these benefits is small, cost should not be the overriding factor when the critical issue is primarily one of commitment and principle.

In conclusion, on behalf of those academy graduates affected by H.R. 1358, we would extend our sincere gratitude to Subcommittee Chairman Penny and Chairman Montgomery for their key roles in our effort to legislatively rectify what we believe was an oversight in the 1976 G.I. Bill repeal.

Respectfully submitted,

Leo Cullinan, USMA '77
Peter W. Grieve, USNA '77
Richard Jesmonth, USNA '78
Joseph E. Schmitz, USNA '78
Daniel J. Schultz, USMA '78
Thomas K. Slattery, USAFA '77
Marc Watson, USNA '77

Office of the
Administrator
of Veterans Affairs

Washington DC 20420

Veterans
Administration

MAY 16 1989

Honorable Timothy J. Penny
Chairman, Subcommittee on
Education, Training and Employment
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Enclosed please find the Department's responses to questions raised by you and Representative Christopher H. Smith following the April 6, 1989, hearing on H.R. 1358. A copy of these responses has been provided to Representative Smith.

Sincerely yours,

Edward J. Derwinski
Secretary

Enclosure

cc: Honorable Christopher H. Smith

WRITTEN COMMITTEE QUESTIONS AND THEIR RESPONSE

FOLLOW-UP QUESTIONS OF HONORABLE TIMOTHY J. PENNY

Q.1. Regarding Section 1 of H.R. 1358, is 90 days a sufficient time period, or should we extend it further before granting a new full eligibility period?

A.1. We feel that 90 days should be sufficient provided the language of Section I is revised to limit application of the requirement to only such active duty period as may be served subsequent to completion of the individual's initial qualifying active duty period.

Q.2a. Given the primary purpose of the Vietnam-Era GI Bill to be a readjustment benefit and despite the deadline of December 31, 1989, has an inequity actually befallen the 1977 and 1978 academy graduates from the VA's point of view?

A.2a. Although we recognize an inequity between the 1977 (but not the 1978) service academy graduates who were barred from receiving chapter 34 education benefits and those members of the SROTC who received a full scholarship and yet qualified for the noncontributory GI Bill, we do not believe it is appropriate now to amend the basic eligibility requirements for a program which expires at the end of this year.

Q.2b. How feasible would it be to allow these individuals to convert to the Montgomery GI Bill? How much would it cost?

A.2b. The law would have to be amended to permit service academy graduates to become eligible for chapter 34 and to overcome the current statutory bar under chapter 30. We would not experience administrative problems implementing a conversion. However, for individuals participating under chapter 32 there would be a number of administrative problems because of the numerous program differences between chapter 32 and chapter 30. For example, refund of contributions are permitted under chapter 32. No refunds are permitted under chapter 30. The academy graduates would have to make a choice between accepting a refund, if such individuals still have unused contributions available, and going under chapter 30. In another situation, correspondence training provides a greater rate of reimbursement under chapter 32 (100 percent) than it does under chapter 30 (55 percent). We would have to choose whether to reduce the benefits for those who train as chapter 32 students or provide a savings clause.

It is anticipated that the cost of granting chapter 30 benefits to 1977 and 1978 academy graduates would be less than $1 million in any fiscal year. There were approximately 5,600 graduates of the four service academies in 1977 and 1978. Approximately 11 percent had prior service and are already eligible for chapter 34 benefits. This leaves about 5,000 individuals affected. Presumably, most of these are still on active duty since the goal of most academy graduates is a military career. Therefore, it is assumed that there would not be a significant number who would train in any year, probably less than 100.

FOLLOW-UP QUESTIONS OF HONORABLE CHRISTOPHER H. SMITH

Q.1. I have been considering adding an incentive to the GI Bill or another educational program that would encourage recruits to enter the nursing or allied health professions. In return for a boost in educational assistance, the recruit would be required to commit a certain period of time to service in a VA hospital. This proposal, I believe, is very timely and very badly needed in light of the current situation facing VA health care facilities.

Of course, the cost benefits of such a proposal would have to be thoroughly analyzed, but I thought I'd take advantage of this opportunity to ask your initial personal opinion of this concept.

A.1. As I previously stated, I would favor recruiting individuals interested in the nursing profession to take advantage of the opportunities presented under the Montgomery G. I. Bill. However, the first step would be to attract interested individuals to join the military services.

I should also bring to your attention that we administer an existing program, for which veterans are eligible, that is currently being utilized by the Veterans Health Services and Research Administration. The Department of Veterans Affairs Health Professional Scholarship Program was originally established by Public Law 96-330 (1980). First implemented in 1982 for nursing students, the program's purpose is to assist in providing an adequate supply of professional nurses and other health professionals for the Department and the Nation. Public Law 100-322 established the Health Professionals Educational Assistance Program which amended the Scholarship Program by authorizing awards to students in additional health disciplines; required that priority be given to students in their last year of training; and changed the length of service obligation incurred by full-time scholarship. Under the amended program, VA gets one year of service for each year of scholarship benefits.

Q.2. You suggested in your testimony that "reasonable and necessary" language be inserted in section 8 of H.R. 1358. How do you envision that this change will actually affect the implementation of provisions in 1774A?

A.2. This language is consistent with the language for reimbursing the State approving agency expenses described in section 1774 and will allow us to implement 1774A in a cost-efficient manner. In the current environment of budgetary restraint, such cautionary language would allow VA, together with the SAA's, to establish priorities when limited funds are an issue.

Q.3. Regarding your testimony on increasing the vocational rehabilitation subsistence allowances, within the context of your overall budget, are the rate increases a high priority item?

A.3. We consider rate increases for vocational rehabilitation a very high priority item.

Q.4. In regard to the subsistence allowance increases, the Military Order of the Purple Heart points out in their testimony that veterans receiving chapter 31 benefits are generally not eligible to receive social security benefits or other state benefits which survivors and dependents under chapter 35 can receive. For this reason, the Organization recommends a six percent increase in chapter 31 benefits and a four percent increase in chapter 35 benefits. What is your view of this proposal?

2.

HONORABLE CHRISTOPHER H. SMITH

A.4. We support a 5 percent rate increase in 1990 for chapter 31 and a 5 percent increase under chapter 35. Educational assistance benefits were last increased in 1984. A 5 percent rate increase would be in order. Since 1984 tuition and fees at colleges have gone up by 6 or 7 percent per year, totalling more than 40 percent by the time the 101st Congress commenced.

Service-disabled veterans training under chapter 31 last received an increase in subsistence allowance in October 1984. A 5 percent rate increase is in order in view of the increase in the cost of living. The 5 percent rate increase in chapter 31 subsistence allowance would be a recognition of the Nation's concern that service-disabled veterans have every reasonable opportunity to become rehabilitated.

CHAIRMAN PENNY TO DEPARTMENT OF DEFENSE

Question: Please provide the Committee with a detailed description of the procedure used to develop the Department cost estimate of H.R. 1358.

Mr. Conte: On February 1, 1989, the Office of the Assistant Secretary of Defense for Reserve Affairs submitted a report entitled Expanding the Montgomery GI Bill-Selected Reserve to Include Graduate School and Vocational Training. Estimates developed for that report were also used when testifying on H.R. 1358. A copy of that report is hereby provided for the record.

Question: In the event legislation were to be developed which involved a targeted expansion of approved programs of education under the MGIB-R, designed to reduce shortages in critical skills, what program structure would you suggest?

Mr. Conte: Limiting the entitlement to critical, or even any unit related skill, would reduce outlays somewhat, while directly contributing to the professional capabilities of the individuals. However, the idea is probably impracticable for three reasons:

(1) The MGIB is, by law, a general entitlement for which there are only two prerequisites: (1) Enlist or extend for six years in the SELRES; (2) Be a high school graduate prior to completion of IADT. A plan to target MGIB vocational entitlements would violate the intended purposed of the MGIB for the Reserve Components.

(2) The Department has had just such a program since 1978, (the Ready Reserve Incentives Program) when Congress first directed DoD to establish a cost effective program of incentives for enlistment, reenlistment, and appointment of commissioned officers needed to support manning requirements in units and skills that are severely or chronically undermanned and to assist in the distribution of quality members where they are most needed. The DoD budget for enlistment incentives for FY 90 is $110M, and $114.8M for FY 91.

(3) The high degree of mobility of the Reserve members would result in almost constant movement in and out of "targeted" unit positions. This would be very difficult to control and probably not produce the intended improvement in unit readiness.

Targeting vocational training benefits takes them out of the realm of a general entitlement for which the MGIB was established. Improvements in specific critical skills through vocational training can be more efficiently achieved by use of a special incentive pay.

Question: Regarding Section 1 of H.R.1358, is 90 days a sufficient time period, or should we extend it further before granting a new full eligibility period?

Mr. Conte: My understanding of the statutes pertaining to the utilization period of Chapter 30 Educational Benefits (All-Volunteer Force Educational Assistance Program), is that the Service member must serve a qualifying period of Active Duty of at least two years. The educational benefits that follow from that period of active duty must then be used within ten years, beginning on the last day of that qualifying period of active duty. While the language in Section 1431(a) lacks specificity, I believe it is intended to refer to the last day of qualifying active duty, as opposed to any other day of active duty subsequent to the discharge from the qualifying period of service. Section 1431(a)(2) refers to the last active duty day on which the individual becomes entitled to such assistance, meaning the original qualifying period of Active Duty of at least two years. Therefore, the question of a single day or even 90 days of active duty subsequent to discharge from the qualifying period of active duty should not impact on the establishment of the benefit delineating period. I support the intent of this provision in H.R.1358, that being to clarify the delineation of the ten year utilization period. However, I do not support the adoption of Section 1, H.R. 1358 as written, since 90 days is no more relevant to the intended qualifying period of duty than is 180 days, or any other arbitrarily selected number. I recommend that Section 1 of H.R. 1358 be redrafted to clearly eliminate any extension of the benefit utilization period once that delineating period has been established by a qualifying period of active duty, as specified in Section 1412(a)(1)(A).

Question: In response to a question from the Honorable Wayne Dowdy (former Chairman of the Subcommittee on Education, Training and Employment) requesting the personal views of the Honorable Sloan R. Gill (then Acting Deputy Assistant Secretary for Guard/Reserve Manpower and Personnel) regarding the advisability of permitting Chapter 106 participants to pursue the same types of programs as those approved for Chapter 30 participants, Secretary Gill responded as follows:

"I personally support expanding the Chapter 106 program to permit the same educational opportunities that are available under Chapter 30, title 38 program. Not only would this increase the incentive value of this important recruiting and retention tool, it would also better reflect the Total Force policy which underlines our national military strategy. Access to vocational-technical training would afford opportunities for self-improvement to reservists who are not interested in the more academic pursuits of a college degree. Many of the new skills thereby obtained, such as electronic, automotive, building trades, and clerical , would be of direct benefit to the military capabilities of our reserve units.

Further, changes in the American and world economies produce economic disruptions that often require job retraining of individuals displaced by technological advances or shifting labor markets. It would benefit these persons and provide another important Selected Reserve incentive if the Montgomery GI Bill were available to help fund such retraining. Not incidentally, this would also contribute to our national productivity.

On the upper end, extending Chapter 106 benefits to postgraduate studies would recognize the growing need for military officers to obtain levels of expertise beyond the baccalaureate level to function effectively in a world of increasing technical and political complexity. The advanced civilian study programs of the active components, plus the availability of financing under the military departments' tuition assistance programs and Chapter 30 and its predecessors, have long recognized the benefits of graduate level education among military personnel, particularly officers. If the Total Force is to retain its credibility as a realistic national defense strategy, the reserve portion of that force must be no less capable than the active side. Further, the current baccalaureate restriction of Chapter 106 severely limits its retention value for an increasingly educated officer corps."

These comments were contained in a letter dated November 25, 1987. I would appreciate it if you would respond to Secretary Gill's comments. What circumstances have changed which would result in the very different view now expressed by DoD?

Mr. Conte: In the opening paragraph of his letter, Mr. Gill stressed that, "these are my personal views only and do not necessarily reflect those of the Department of Defense." In fact, the Department of Defense position has not changed since the issue of expanding the reserve MGIB was raised as an equity issue in 1987. There have, however, been events in the past two years that played significantly in the DoD position regarding changes to the MGIB for the Reserve components.

Firstly, in August 1988, the Sixth Quadrennial Review Of Military Compensation (6QRMC) completed its analysis of the entire Reserve compensation package. As part of their deliberations, the 6QRMC reviewed possible MGIB program modifications relative to their potential effects on recruiting and retention. They concluded that extending vocational and graduate training entitlements to members of the Selected Reserve would have a positive but modest effect on recruiting and retention. The report further concludes that the added costs of those proposals might be more effective if used to enhance enlistment and reenlistment bonuses for critical military skills, and for specialties needed to meet the requirements of expanding missions of the Reserve components.

Secondly, on February 1, 1989, the Assistant Secretary of Defense for Reserve Affairs submitted a comprehensive report to the Committees on Armed Services of the Senate and House of Representatives, on the expansion of the MGIB to include vocational and graduate training. That report was developed with the help and cooperation of all of the Reserve components, the DoD Actuary and the DoD Comptroller, and concluded that approximately $64.3 million and $31.2 million of unprogrammed budget authority would be required to fund the vocational entitlement in the first and subsequent years. This is in addition to the FY 1990 budget request for $124 million for all Services Reserve education programs. That report also stated that while it is reasonable to assume some vocational training would relate to the requisite military skills of the Reservist, there is no empirical data to indicate that individual or unit readiness would be measurably improved as a result of a universal vocational training entitlement.

Lastly, within the last twelve months, the GAO has completed several reviews of the skill qualifications of the Army National Guard and Reserves. While the data referring to actual personnel readiness and capabilities is classified, the unclassified reports show that in many occupational specialties soldiers are trained in less than 60 percent of the critical tasks during AIT, many Reserve units do not have the necessary minimum essential level of equipment to properly train in mission skills, and over all the Army does not know what percentage of its soldiers are MOS proficient. Those GAO reviews have documented deficiencies in training readiness that could materially affect Reserve combat readiness, and thus warrant high priority for resources. DoD has taken budget decrements in excess of $40 billion in the last two budget reviews, and therefore, it seems appropriate to me to focus our limited resources on readiness areas with existing critical shortfalls, such as military skills training.

Simply stated, the DoD position is that the primary purpose of the Montgomery GI Bill is to provide bright, ambitious young men and women sufficient incentive to join the Reserve component. The documented success of the recruiting effort over the past 5 years indicates that the bonus and incentive program, as structured, works. Any additional incentive programs should be responsive to a demonstrable need to improve recruiting and retention, as well as unit and individual skill proficiency.

It is, therefore, difficult to argue strongly for an expanded educational entitlement, when in today's austere fiscal environment, readiness enhancing military skills training is forced to operate with limited resources. While the Department supports affording higher education opportunities to Reservists, only when sufficient resources for unit and individual training are made available should the educational benefits program be expanded.

HON. CHRISTOPHER SMITH.TO DEPARTMENT OF DEFENSE

Question: You stated in your testimony that "vocational training could be helpful if "it was targeted specifically at shortages in critical individual military skills." Can you further explain this statement?

Mr. Conte: Within the past year, several GAO reviews have highlighted serious deficiencies in Reserve component individual training. Essentially, these deficiencies are manifest in a general lack of technical skills needed to perform wartime tasks.

There are several reasons that these skill deficiencies exist. Some are long standing, such as the effect of the Reserve component training environment (limited training time, geographic dispersion, equipment availability, etc.) upon a unit's internal capability to perform individual training. Additionally, there has been a lack of formal training programs tailored to the needs and availability of the Reserves. More recently, a combination of increasingly complex modern equipment and compressed deployment schedules have made individual proficiency more difficult to attain and maintain, and more critical to training readiness.

If practicable, a program of vocational training targeted at individual skill deficiencies such as electronics, avionics, medical, and mechanics, and probably some others, might provide a positive contribution to the training strategies being implemented in the Reserves now. However, I think that implementation of such a proposal would face substantial obstacles. For example, restricting vocational training to a few targeted skills could frustrate the enlistment and reenlistment skill bonus programs already in place, and clearly take the program out of the realm of a general entitlement for which the MGIB was established.

Question: You stated that "if these benefits are enacted without additional appropriations, that it is likely that other, much more critical programs will have to be reduced." Which programs do you think would be at risk?

Mr. Conte: We estimate that approximately $166 million and $81.3 million of unprogrammed budget authority would be required to fund the new entitlements in the first and subsequent years. The proposed revision of the FY 1990/1991 budget for the Reserve components already represents a reduction in budget authority of $84.7 million in FY 1990 and $95.2 million in FY 1991. These reductions are in addition to the $2 billion cut out of the FY 1990-FY 1991 Reagan Budget. Enactment of a new entitlement without an additional appropriation would be extremely hard for the Services to implement.

I would speculate that the logical targets for decrements, should the Congress decide to enact this bill without additional budget authority, could be in the Schools and Special Training accounts. That would mean further reductions in professional development courses, MOS producing schools, and mobilization training; each of which, as a result of budget cuts already taken, are currently funded below the FY 1988 level. It could also require a reduction in the Army's Reserve Component Training Action Plan recently funded in the FY 1990-91 budget.

Question: I have been considering adding an incentive to the GI Bill or another educational program that would encourage recruits to enter nursing or allied health professions. In return for a boost in educational assistance, the recruit would be required to commit a certain period of time to service in a VA hospital. This proposal, I believe, is very timely and very badly needed in light of the current situation facing VA health care facilities. Of course, the cost benefits of such a proposal would have to be thoroughly analyzed, but I thought I'd take advantage of this opportunity to ask your initial personal opinion of this concept.

Mr. Conte: The Office of Reserve Affairs has made the question of wartime medical readiness and the related issue of the wartime shortfall of health care professionals, priority issues, but I can certainly agree with you on the importance of recruiting and retaining high quality medical professionals for the VA Hospitals. I would hesitate to use the Reserve component educational programs, traditionally established in law as general entitlements, as the vehicle to reduce the shortage of nurses and other health care professionals in the VA Hospitals. There are numerous health care professional incentive programs that could possibly be modified to incorporate a period of service with a VA hospital. I would need to know more about your concept in order to respond in more detail.

The American Legion
For God and Country

★ WASHINGTON OFFICE ★ 1608 "K" STREET, N.W. ★ WASHINGTON, D.C. 20006 ★
(202) 861-2700 ★

May 12, 1989

Honorable Timothy J. Penny, Chairman
House Veterans Affairs Subcommittee on
Education, Training and Employment
337A Cannon House Office Building
Washington, DC 20515

Dear Chairman Penny:

Enclosed you will find the responses of our organization to questions posed by Congressman Chris Smith following your subcommittee's April 6 hearing.

We hope that the information contained in these responses will be of assistance to you and your subcommittee members.

Sincerely,

E. Philip Riggin, Director
National Legislative Commission

Enclosure

cc: Jill Cochran
Professional Staff Member

AMERICAN LEGION RESPONSE TO QUESTIONS FROM APRIL 6, 1989 SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT, HOUSE COMMITTEE ON VETERANS AFFAIRS HEARING

1. ANSWER: While the concept of providing supplemental Montgomery GI Bill benefits for a period of obligated service in the VA's medical care program, as proposed by Congressman Christopher Smith, is an interesting approach to try and address the VA's severe nurse recruitment problem, it raises serious problems.

At the present time, the Armed Forces are also experiencing a similar shortage of nurses and allied health professionals in their hospitals. Most of the Services have their own incentive/bonus/education programs to help recruitment in these specialties, but even so there is a continuing shortage of needed staff.

The VA currently has the Health Professionals Educational Assistance Program, under Chapter 76 of title 38 which provides for the payment of tuition and other school expenses, plus a stipend of $485 monthly. This program requires one year of service in the VA for each year of scholarship aid. Additionally, the VA Nurse Educational Tuition Reimbursement Program for VA nurses provides for tuition reimbursement of up to $2000 a year with the requirement of one year of service in the VA following the completion of the course for which reimbursement was received.

Rather than looking to the Montgomery GI Bill program as a means to recruit health care personnel, it may be more productive to seek enhancement of current VA educational assistance or employment incentive programs.

2. ANSWER: The American Legion is very much concerned by the fact that Chapter 32 subsistence rates have not been increased in nearly 5 years. The cost of living over the same period has risen approximately 18% which has placed an additional economic burden on these service disabled veterans. We believe that without an adjustment in these rates many Chapter 32 participants may be forced to drop out of the program. We, therefore, support the modest proposal offered by H.R. 1358.

ASSOCIATION OF THE UNITED STATES ARMY
2425 WILSON BOULEVARD, ARLINGTON, VIRGINIA 22201-3385
(703) 841-4300

OFFICE OF THE
EXECUTIVE VICE PRESIDENT

4 May 1989

The Honorable Timothy J. Penny
Chairman, Subcommittee on Education,
Training and Employment
Committee on Veterans' Affairs
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Penny:

Thank you for the opportunity to provide an answer for the record in conjunction with the subcommittee's hearing held on 6 April 1989.

At enclosure is an answer to the follow-up question posed by the Honorable Christopher H. Smith to MG Robert F. Ensslin, Jr., concerning a potential incentive to be added to the Montgomery GI Bill.

As always, AUSA appreciates the opportunity to be heard when consideration of veterans' benefits are being discussed by the Committee on Veterans' Affairs.

Sincerely,

JACK N. MERRITT
General, USA Retired
Executive Vice President

Enclosure

FOLLOW-UP QUESTION OF HON. CHRISTOPHER H. SMITH

I have been considering adding an incentive to the GI Bill or another educational program that would encourage recruits to enter the nursing or allied health professions. In return for a boost in educational assistance the recruit would be required to commit a certain period of time to service in a VA hospital. This proposal, I believe, is very timely and very badly needed in light of the current situation facing VA health care facilities.

Of course, the cost benefit of such a proposal would have to be thoroughly analyzed, but I thought I'd take advantage of this opportunity to ask your initial personal opinion of this concept.

ANSWER: General Ensslin: The idea of encouraging Montgomery GI Bill participants to pursue a course of study leading to a career in the health professions is worthy of study. Our Association is well aware of the shortages the services are facing in recruiting and retaining health care professionals for the active and reserve components. Your suggestion has merit because it addresses a critical need that exists throughout society, namely the dire need for registered nurses. I see additional merit in such a proposal because it would increase the potential number of nurses and allied health professionals to be added to the mobilization base. It is an idea that addresses immediate problems in society and returns a benefit to our Nation's veterans by increasing the level of treatment in our VA hospitals. Additionally, it would pose the opportunity of attracting some of those future health care graduates to return to a military career. You have struck a responsive chord with us on this idea and I encourage the committee to give it serious consideration.

As a final thought, it would be helpful if the amendment you have described could be written in such a manner as to be responsive to other such requirements in the future. Careful crafting of the legislative proposal may mean that the Montgomery GI Bill could be utilized as the vehicle to accommodate other professional medical needs of the Department of Veterans Affairs.

Of course we are aware that the fiscal considerations are many and varied, but we support your concept as you have stated it here today.

DISABLED AMERICAN VETERANS
NATIONAL SERVICE and LEGISLATIVE HEADQUARTERS
807 MAINE AVENUE, S.W.
WASHINGTON, D.C. 20024
(202)554-3501

April 28, 1989

Honorable Timothy J. Penny, Chairman
Subcommittee on Education, Training
and Employment
House Veterans Affairs Committee
335 Cannon House Office Building
Washington, DC 20515

Dear Congressman Penny:

This letter is in reference to your April 12, 1989, correspondence requesting we provide you a written response to questions from the Honorable Christopher H. Smith, that were not posed to witnesses during an April 6, 1989, hearing before your Subcommittee on the provisions of H.R. 1358.

The questions to which you request a response are as follows:

1. "I have been considering adding an incentive to the G.I. Bill or another educational program that would encourage recruits to enter the nursing or allied health care professions. In return for a boost in educational assistance the recruit would be required to commit a certain period of time to service in the VA hospital. This proposal, I believe, is very timely and very badly needed in light of the current situation facing VA health care facilities.

Of course, the cost benefit of such a proposal would have to be thoroughly analyzed, but I thought I'd take advantage of this opportunity to ask your initial personal opinion of this concept."

2. "In view of obvious budget constraints, does your organization consider the increase in the vocational rehabilitation subsistence allowance a priority?"

In response to question number one, Mr. Chairman, modifications to the post-Vietnam era educational programs that would encourage service in VA health care facilities by departing servicemen and women is a concept that would be favorably viewed by the DAV.

As I am sure you are aware, the Department of Veterans Affairs often does not find itself on an equal "playing field," for a variety of reasons, when forced to compete with the private sector for health care professionals. Legislative modification of post-Vietnam educational programs to improve the ability of DVA to recruit vital health care professionals would enhance their ability to provide quality health care to our nation's veterans, and we would not oppose legislative modification of post-Vietnam educational programs designed for that purpose.

In response to question number two, the answer is a firm "yes". As indicated in our prepared testimony April 6, 1989, there has been no increase in vocational rehabilitation subsistence allowance since October 1984, while the costs associated with higher education have risen dramatically since then. The DAV is deeply concerned with, and committed to,

Department of Veterans Affairs educational benefits designed to assist service-connected disabled veterans, their dependents and survivors. We feel the proposed increase in Chapter 31 vocational subsistence allowance merits a very high priority for Congress.

Thank you very much for permitting us to share our views on these matters.

Sincerely,

PAUL J. BREUER
Associate National Legislative Director

PJB:lms

NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

ONE MASSACHUSETTS AVENUE, NORTHWEST • WASHINGTON, D.C., 20001 • (202) 789-0031

8 May 1989

Congressman Timothy J. Penny
Chairman
Subcommittee on Education,
Training and Employment
Committee on Veterans' Affairs
335 Cannon House Office Building
Washington, DC 20515

Dear Congressman Penny:

The attached insert for the record is in response to the follow-on question by the Honorable Christopher H. Smith.

We appreciate the committee providing NGAUS with the opportunity to testify on this important issue. We look forward to working with the committee with respect to the Montgomery GI Bill.

Sincerely,

CHARLES G. SCHREIBER
Director, Legislative Activities

INSERT FOR THE RECORD

Follow-up question of Hon. Christopher H. Smith:

I have been considering adding an incentive to the GI Bill or another educational program that would encourage recruits to enter the nursing or allied health professions. In return for a boost in educational assistance the recruit would be required to commit a certain period of time to service in a VA hospital. This proposal, I believe, is very timely and very badly needed in light of the current situation facing VA health care facilities.

Of course, the cost benefit of such a proposal would have to be thoroughly analyzed, but I thought I'd take advantage of this opportunity to ask your initial personal opinion of this concept.

Response by MG Bruce Jacobs, Assistant Executive Director, NGAUS

The National Guard Association of the United States (NGAUS) recognizes the severe shortages of medical professionals being faced by the Veterans Administrations hospitals. There are equivalent shortages of medical professionals in the Total Force. These shortages are sufficient to inhibit wartime readiness, as well as, impact on peacetime training and support.

As a military association, our primary goal is to maintain and improve the readiness of the Total Force. While we support the principle of providing enhanced educational assistance to medical professionals in exchange for a commitment to service in Veterans Administration hospitals, we sincerely hope that the committee will consider expanding this proposal to include service in the Armed Forces - Active, Guard and Reserve.

NCOA

Non Commissioned Officers Association of the United States of America

225 N. Washington Street • Alexandria, Virginia 22314 • Telephone (703) 549-0311

May 10, 1989

Honorable Timothy J. Penny
Chairman
Subcommittee on Education,
Training and Employment
Committee on Veterans' Affairs
335 Cannon House Office Building
Washington, D.C. 20515

Dear Chairman Penny:

Attached is my response to the follow-up question of Representative Christopher H. Smith.

Hopefully, this answer will be beneficial to your subcommittee as you consider improvements to H.R. 1358.

Sincerely,

C. R. Jackson
Executive Vice President

CRJ/car

attachment a/s

FOLLOW-UP QUESTION OF HONORABLE CHRISTOPHER H. SMITH

I have been considering adding an incentive to the GI Bill or another educational program that would encourage recruits to enter the nursing or allied health professions. In return for a boost in educational assistance the recruit would be required to commit a certain period of time to service in a VA hospital. This proposal, I believe, is very timely and very badly needed in light of the current situation facing VA health care facilities.

Of course, the cost benefit of such a proposal would have to be thoroughly analyzed, but I thought I'd take advantage of this opportunity to ask you your initial personal opinion of this concept.

ANSWER TO FOLLOW-UP QUESTION FROM THE HON. CHRISTOPHER SMITH

Mr. Smith, my initial reaction to your proposal is very favorable, providing that the recruit be required to complete his or her military obligation before participating in the required VA hospital service.

The training and experience gained through serving as a military health provider would prove invaluable to the individual during VA service.

MILITARY ORDER OF THE PURPLE HEART

CHARTERED BY CONGRESS

NATIONAL HEADQUARTERS
5413-B BACKLICK ROAD
SPRINGFIELD, VA 22151-3960
(703) 642-5360 (FTS-756-3539)

OFFICE OF: National Service Director

April 25, 1989

Honorable Timothy J. Penny
Chairman, Subcommittee on Education
Training and Employment
Committee on Veterans' Affairs
335 Cannon House Office Building
Washington, DC 20515

Dear Chairman Penny:

Reference is made to your correspondence of April 12, 1989, requesting answers to questions submitted by the Honorable Christopher H. Smith, Ranking Minority member of your subcommittee.

The attached enclosure is respectfully submitted in response to this request.

Sincerely,

Robert L. Alvarez
National Service Director

RLA/bea

Enclosure: As Stated

APRIL 25, 1989

MOPH FOLLOW-UP QUESTIONS

OF HONORABLE CHRISTOPHER H. SMITH

1. I have been considering adding an incentive to the GI Bill or another educational program that would encourage recruits to enter the nursing or allied health professions. In return for a boost in educational assistance the recruit would be required to commit a certain period of time to service in a VA hospital. This proposal, I believe, is very timely and very badly needed in light of the current situation facing VA health care facilities.

Of course, the cost benefit of such a proposal would have to be thoroughly analyzed, but I thought I'd take advantage of this opportunity to ask you initial personal opinion of this concept.

ANSWER: The MOPH endorses your concept of adding an incentive to the GI Bill or another program to encourage more students to enter nursing or allied health professions. I would be very anxious to offer any assistance you might require in pursuit of your goal.

2. In view of obvious budget constraints, does your organization consider the increase in the vocational-rehabilitation subsistence allowance a priority?

ANSWER: The Military Order of the Purple Heart is very conscious of the budget constraints. However, we do feel very strongly that an increase in the vocational-rehabilitation subsistence over the survivors and dependents educational allowance is essential. Our proposal of 6% (Chapter 31) / 4% (Chapter 35) is not made in stone. We would be willing to accept a 5% (Chapter 31 / 4% Chapter 35) which would reduce the cost of the original proposal of 5% across the board to two programs. The 5% / 4% split would only reduce the current gap by one dollar, but we feel that this would be the needed start toward parity of these two programs.

Out of the approximately 26,000 veterans in the Chapter 31 program, 17,940 have one or more dependents and for them to get less than a Chapter 35 recipient is discriminatory and unjust.

We feel this alternate proposal will satisfy the budget constraint and would be the first step in eliminating the disparity in the two programs.

The last time that either program received an increase was October 1, 1984. Since that time, the cost of living has far exceeded the current proposal and the Military Order of the Purple Heart's modified proposal. Therefore, it is strongly felt by this organization that an increase in the vocational-rehabilitation subsistence allowance is a necessary priority and the resultant higher income taxes paid by the recipients upon successful completion of their educational goals more than justifies this increase.

Respectfully Submitted,

Robert L. Alvarez
National Service Director

PARALYZED VETERANS
OF AMERICA
Chartered by the Congress
of the United States

April 24, 1989

The Honorable Timothy J. Penny,
Chairman Subcommittee on Education,
Training, and Employment
House Committee on Veterans' Affairs
335 Cannon House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing to you today in response to your letter of April 12, 1989, which asks PVA to comment on two follow-up questions from the Honorable Christopher H. Smith. As you have instructed, I have restated the questions in their entirety before the answers.

1. QUESTION: I have been considering adding an incentive to the GI Bill or another educational program that would encourage recruits to enter the nursing or allied health professions. In return for a boost in educational assistance, the recruit would be required to commit a certain period of time to service in a VA hospital. This proposal, I believe, is very timely and very badly needed in light of the current situation facing VA health care facilities.

   Of course, the cost benefit of such a proposal would have to be thoroughly analyzed, but I thought I'd take advantage of this opportunity to ask your initial personal opinion of this concept.

   ANSWER: PVA believes your concept is a good one. At a time when DVA nursing staffs are experiencing critical shortages, your proposal represents an innovative way to provide additional support for nursing and other allied health services within the DVA medical system. The success of the Montgomery GI Bill and other DVA education programs provides an excellent foundation upon which nursing and other medical programs could be enhanced. PVA believes the intent of your proposal is well-founded and potentially rewarding. We would be pleased to work with you in any way we can to further develop this idea.

2. QUESTION: In view of obvious budget constraints, does your organization consider the increase in the vocational-rehabilitation subsistence allowances a priority?

   ANSWER: PVA does believe the proposed increases in Chapter 31 subsistence are vitally important to the overall vocational-rehabilitation program. The ability of this program to successfully enable disabled veterans to function independently and obtain suitable employment is among the most important missions in the entire veterans' benefits area. Adequate subsistence allowance is a

necessity for many seriously disabled veterans who face not only increasing education-related expenses but the daily physical challenges which often complicate an already difficult academic schedule. In many cases, adequate Chapter 31 subsistence allowance represents the difference between a trouble free education and one besieged with setbacks. We must ensure that these individuals have every opportunity to become economically productive, taxpaying workers.

Thank you for soliciting PVA's opinion on these matters. If I or anyone on my staff can be of further assistance, please do not hesitate to call.

Sincerely,

Douglas K. Vollmer

Douglas K. Vollmer
National Legislative Director

VETERANS OF FOREIGN WARS OF THE UNITED STATES

OFFICE OF THE DIRECTOR

May 24, 1989

The Honorable Timothy J. Penney
Chairman
Subcommittee on Education, Training and
Employment
Committee on Veterans' Affairs
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The attached is the VFW's response to questions that time did not allow to be asked at the April 6, 1989 hearing of the Subcommittee on Education, Training and Employment.

With best wishes and kind regards,

Sincerely,

Jim

JAMES N. MAGILL, Director
National Legislative Service

slw

Attachment

HEARING QUESTIONS
Imposed by
The Honorable Christopher H. Smith
on
H.R. 1358 - A Bill to Amend Title 38, USC
With Respect to the Montgomery G.I. Bill
(April 6, 1989)

QUESTION #1: I have been considering adding an incentive to the GI Bill or another educational program that would encourage recruits to enter the nursing or allied health professions. In return for a boost in educational assistance the recruit would be required to commit a certain period of time to service in a VA hospital. This proposal, I believe, is very timely and very badly needed in light of the current situation facing VA health care facilities.

Of course, the cost benefit of such a proposal would have to be thoroughly analyzed, but I thought I'd take advantage of this opportunity to ask your initial personal opinion of this concept.

RESPONSE to QUESTION #1: Your proposal to add an incentive to the Montgomery GI Bill that would encourage individuals to the nursing or allied health-care professions certainly warrants further consideration. This concept has been successfully implemented in other sectors and it could prove to be a valuable recruitment and retention tool for the VA medical care system. Of course, we also agree that the cost benefit ratio should be thoroughly analyzed before any decision is made.

QUESTION #2: In view of obvious budget constraints, does your organization consider the increase in the vocational-rehabilitation subsistence allowance a priority?

RESPONSE to QUESTION #2: While we do not view the increase in the vocational-rehabilitation subsistence allowance a top priority, we certainly do believe an increase is warranted and should be granted.

ERRATA

ERRATA

Amend the front cover by deleting "Serial No. 100-5" and insert in lieu thereof "Serial No. 101-5".

H.R. 1358, A BILL TO AMEND THE MONTGOMERY GI BILL

HEARING

BEFORE THE

SUBCOMMITTEE ON

EDUCATION, TRAINING AND EMPLOYMENT

OF THE

COMMITTEE ON VETERANS' AFFAIRS

HOUSE OF REPRESENTATIVES

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

APRIL 6, 1989

Printed for the use of the Committee on Veterans' Affairs

Serial No. 100-5

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1989

H761-16